

SENATE.

FRIDAY, December 10, 1920.

The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the following prayer:

Almighty God, by Thy gracious favor we come to this new day and address ourselves to the tasks that are before us. We ask that Thy presence may be with us, that where authority is exercised it may be with Thy consent, that where counsel is taken it may be in partnership with the Divine will, that where power is exercised it may be chastened and refined by Thy grace, so that in all of our work to establish this Nation in righteousness and peace we may have the constant blessing of the God of our fathers upon us. We ask it for Christ's sake. Amen.

JOSEPH T. ROBINSON, a Senator from the State of Arkansas, appeared in his seat to-day.

The reading clerk proceeded to read the Journal of yesterday's proceedings when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

REPORT OF GOVERNOR OF PANAMA CANAL.

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and ordered printed and with the accompanying papers referred to the Committee on Inter-oceanic Canals:

THE WHITE HOUSE,
Washington.

To the Senate and House of Representatives:

I transmit herewith, for the information of the Congress, the annual report of the Governor of the Panama Canal for the fiscal year ended June 30, 1920.

WOODROW WILSON.

THE WHITE HOUSE,
10 December, 1920.

BUREAU OF ENGRAVING AND PRINTING.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting, pursuant to law, a statement showing the number of employees and their compensation in the Bureau of Engraving and Printing whose compensation is paid from "Expenses of loan" and "Compensation of employees," but who are detailed for clerical, messenger, and watchman service, during the fiscal year ended June 30, 1920, which was referred to the Committee on Appropriations.

NITRATE OF SODA PURCHASES.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of War, transmitting the names of purchasers of nitrate of soda, together with the prices for which sold, which was referred to the Committee on Military Affairs.

TAXES ON ALLOTTED INDIAN LANDS.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a report of an investigation as to the right of Stevens and Ferry Counties, in the State of Washington, to the payment of taxes on allotted Indian lands under existing law, which was referred to the Committee on Indian Affairs.

SALES BY DEPARTMENT OF THE INTERIOR.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a report showing the proceeds from the sale of supplies and obsolete material and equipment and from the collection of town-site assessments during the fiscal year ended June 30, 1920, which was referred to the Committee on Indian Affairs.

REPORTS OF SECRETARY OF THE SENATE.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Senate, transmitting, pursuant to law, a statement of all property belonging to the United States in his possession on the 6th day of December, 1920 (S. Doc. No. 345), which was ordered to lie on the table and be printed.

He also laid before the Senate a communication from the Secretary of the Senate, transmitting, pursuant to law, a statement of the receipts and expenditures of the Senate during the fiscal year ended June 30, 1920, which was ordered to lie on the table and be printed.

FREIGHT CONGESTION (S. DOC. NO. 344).

The VICE PRESIDENT laid before the Senate a communication from the Interstate Commerce Commission, transmitting, in response to Senate resolution No. 362, information showing

the causes for freight congestion in the principal cities of the United States, etc., which was read and referred to the Committee on Interstate Commerce.

PRICES OF FARM IMPLEMENTS.

The VICE PRESIDENT laid before the Senate a communication from the Federal Trade Commission, transmitting, in response to Senate resolution No. 226, a report on the causes of high prices of farm implements, which was referred to the Committee on Agriculture.

DISTRICT PUBLIC UTILITIES COMMISSION.

The VICE PRESIDENT laid before the Senate a communication from the Columbia Heights Citizens' Association, Washington, D. C., transmitting, pursuant to law, a report of a special committee of the association, relative to the eligibility of the members of the Public Utilities Commission of the District of Columbia, which was referred to the Committee on the District of Columbia.

CREDENTIALS.

The VICE PRESIDENT laid before the Senate a certificate of the governor of Ohio, certifying to the election of FRANK B. WILLIS as a Senator from that State for the term of six years beginning March 4, 1921, which was read and ordered to be filed, as follows:

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF OHIO.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES OF AMERICA: This is to certify that on the 2d day of November, 1920, FRANK B. WILLIS was duly chosen by the qualified electors of the State of Ohio a Senator from said State to represent said State in the Senate of the United States for the term of six years beginning on the 4th day of March, 1921.

Witness: His excellency, our governor, James M. Cox, and our seal hereto affixed at Columbus, Ohio, this 8th day of December, in the year of our Lord 1920.

[SEAL.]

By the governor:

JAMES M. COX, Governor.

HARVEY C. SMITH,
Secretary of State.

Mr. GAY. Mr. President, I present the credentials of Hon. EDWIN S. BROUSSARD, who on the 2d of November last was duly chosen by the qualified electors of the State of Louisiana a Senator from that State to represent the State in the Senate of the United States for the term of six years beginning on the 4th day of March, 1921. I ask that the credentials may be read.

The credentials were read and ordered to be placed on file, as follows:

STATE OF LOUISIANA,
Executive Department.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that on the 2d day of November, 1920, EDWIN S. BROUSSARD was duly chosen by the qualified electors of the State of Louisiana a Senator from said State to represent said State in the Senate of the United States for the term of six years beginning on the 4th day of March, 1921.

Witness: His excellency, our governor, John M. Parker, and our seal hereto affixed at Baton Rouge, this 3d day of December, in the year of our Lord 1920,

[SEAL.]

By the governor:

JOHN M. PARKER, Governor.

JAMES J. BAILEY,
Secretary of State.

HOUSE BILLS REFERRED.

H. R. 13264. An act to provide for the award of a medal of merit to the personnel of the merchant marine of the United States of America was read twice by its title and referred to the Committee on Commerce.

H. R. 10311. An act to further amend section 8 of an act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes," approved June 30, 1906, and amended by the act approved March 3, 1913, was read twice by its title and referred to the Committee on Agriculture and Forestry.

PETITIONS AND MEMORIALS.

Mr. TOWNSEND presented a petition of sundry citizens of Detroit, Mich., praying for the release of Xenophan Kalamatiano, an American citizen who has been held a prisoner by the soviet rulers of Russia for two years, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of Ingham County, Mich., praying for the enactment of legislation whereby the United States will take her place among the leading nations of the world in the prompt adoption of an international agreement to make and maintain peace without recourse to war, which was referred to the Committee on Foreign Relations.

He also presented a memorial of sundry citizens of Ingham County, Mich., opposing any effort that may be made to nullify

national prohibition, which was referred to the Committee on the Judiciary.

Mr. CAPPER presented resolution in the nature of a petition adopted by the Oregon Mohair Goat Association, Sixes, Oreg., praying for the enactment of legislation for a tariff on mohair imported into the United States, which was referred to the Committee on Finance.

Mr. NELSON presented a petition of sundry citizens, praying for the enactment of legislation to prohibit, for the purpose of canning and export from Alaska, fishing of salmon in the Yukon River, Alaska, its tributaries, and adjacent waters, which was referred to the Committee on Territories.

He also presented a petition of the Aristonian Club, of Sauk Rapids, Minn., praying for the enactment of legislation to suppress the tide of immigration that is flowing into the United States from foreign countries, which was referred to the Committee on Immigration.

Mr. GAY presented a telegram in the nature of a petition from the New Orleans Cotton Exchange in favor of the reinstatement of the War Finance Corporation for the relief and restoration of commerce to normal lines, which was ordered to lie on the table.

REPORTS OF COMMITTEE ON MILITARY AFFAIRS.

Mr. KIRBY, from the Committee on Military Affairs, to which was referred the joint resolution (S. J. Res. 172), authorizing and directing the Secretary of War to sell a certain parcel of land known as Fort Jackson, at New Deptford, on the Savannah River, Ga., reported it with an amendment, and submitted a report (No. 665) thereon.

Mr. WADSWORTH, from the Committee on Military Affairs, to which was referred the bill (S. 4572), granting to the city and county of Honolulu, Territory of Hawaii, a right of way over and across the Fort De Russy Military Reservation for the purpose of extending its sewer system, reported it without amendment and submitted a report (No. 664) thereon.

CAPTURED WAR DEVICES AND TROPHIES.

Mr. WADSWORTH. From the Committee on Military Affairs, to which were referred the bill (S. 643) to provide for the equitable distribution of captured war devices and trophies to the States and Territories of the United States and to the District of Columbia, and the amendments of the House thereto, I report with a recommendation that the Senate disagree to the amendments of the House.

The Senate bill just reported from the Committee on Military Affairs heretofore passed the Senate. The House also passed the bill with certain amendments. When the bill came back to the Senate it, together with the House amendments, was again referred to the committee, which has instructed the chairman to ask for a conference. I therefore move that the Senate disagree to the amendments of the House and ask for a conference with the House on the disagreeing votes of the two Houses, and that the Chair appoint the conferees on the part of the Senate.

The VICE PRESIDENT. Without objection, the motion is agreed to, and the Chair appoints Mr. WADSWORTH, Mr. SUTHERLAND, and Mr. CHAMBERLAIN conferees on the part of the Senate.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CAPPER:

A bill (S. 4579) donating machine gun No. 2997 to the city of Pittsburg, Kans.; to the Committee on Military Affairs.

By Mr. TOWNSEND:

A bill (S. 4580) granting an increase of pension to Lucy V. Fardee; to the Committee on Pensions.

A bill (S. 4581) for the relief of Robert Edgar Zeigler (with accompanying papers); to the Committee on Claims.

By Mr. RANDELL:

A bill (S. 4582) to declare Bayou Cocodrie nonnavigable from its source to its junction with Bayou Chicot; to the Committee on Commerce.

A bill (S. 4583) for the relief of occupants of lands included in the Bellevue grant in St. Landry Parish, La.; to the Committee on Public Lands.

By Mr. SPENCER:

A bill (S. 4584) granting a pension to Uletha M. Robison; and

A bill (S. 4585) granting a pension to Harriet Daniels; to the Committee on Pensions.

By Mr. McKELLAR:

A bill (S. 4586) granting an increase of pension to Robert T. C. Blevins (with accompanying papers); to the Committee on Pensions.

By Mr. HARRIS:

A bill (S. 4587) granting the consent of Congress to the counties of Brooks and Lowndes, in the State of Georgia, to construct a bridge across the Withlacoochee River; to the Committee on Commerce.

By Mr. SHEPPARD:

A bill (S. 4588) granting consent of Congress to the county of Bowie and the county of Cass, State of Texas, for construction of a bridge across Sulphur River at or near Pettis Bridge, on State Highway No. 8, in said counties and State; to the Committee on Commerce.

By Mr. SMOOT:

A bill (S. 4589) providing for an exchange of lands between Annie McDonald and the United States; to the Committee on Public Lands.

A bill (S. 4590) granting an increase of pension to James H. Martineau (with accompanying papers); to the Committee on Pensions.

By Mr. CHAMBERLAIN:

A bill (S. 4591) for the relief of Francis Graves Bonham; and

A bill (S. 4592) to authorize the issuance of the distinguished service cross or medal to certain officers in certain contingencies; to the Committee on Military Affairs.

By Mr. KEYES:

A bill (S. 4593) making an appropriation to be expended under the provisions of the act of March 1, 1911 (36 Stat., 961), entitled "An act to enable any State to cooperate with any other State or States or with the United States for the protection of the watersheds of navigable streams, and to appoint a commission for the acquisition of lands for the purpose of conserving the navigability of navigable rivers," as amended; to the Committee on Agriculture and Forestry.

By Mr. STERLING:

A bill (S. 4594) creating an immigration board and prescribing the powers and duties thereof and amending the act of February 5, 1917, entitled "An act regulating immigration of aliens to and residence of aliens in the United States," and amending also the act of June 29, 1906, entitled "An act to provide for a uniform rule for the naturalization of aliens throughout the United States and establishing the Bureau of Naturalization," and acts amendatory thereof, and for other purposes; to the Committee on Immigration.

By Mr. WALSH of Montana:

A bill (S. 4595) granting a pension to David H. Russell (with accompanying papers); to the Committee on Pensions.

By Mr. ELKINS:

A bill (S. 4596) for the relief of soldiers, sailors, and Army nurses of the War with Spain, their widows and dependents; to the Committee on Pensions.

By Mr. BALL:

A bill (S. 4597) to amend the act entitled "An act to establish a code of law for the District of Columbia, approved March 3, 1901, and the acts amendatory thereof and supplementary thereto in relation to forcible entry and detainer"; to the Committee on the Judiciary.

By Mr. ASHURST:

A bill (S. 4598) to provide funds for reimbursing farmers on Yuma project, Arizona-California, and to provide funds to operate and maintain the Colorado River front work and levee system of Yuma project, Arizona-California; to the Committee on Irrigation and Reclamation of Arid Lands.

By Mr. GORE (by request):

A bill (S. 4599) conferring jurisdiction on the Court of Claims to adjust the claims between the Otee and Missouri Tribes of Indians and the Omaha Indians to certain moneys received by the Omaha Indians; to the Committee on Claims.

By Mr. SMITH of Maryland:

A bill (S. 4600) to provide for the erection of a public building at Bel Air, Md.; to the Committee on Public Buildings and Grounds.

By Mr. McKELLAR:

A joint resolution (S. J. Res. 221) instructing the Secretary of the Treasury as to settlement of war loans; to the Committee on Finance.

THE DEPARTMENT OF JUSTICE.

Mr. WALSH of Montana. Mr. President, I have here a document entitled "Report Upon the Illegal Practices of the United States Department of Justice" made by a committee of lawyers on behalf of the National Popular Government League. I know nothing about the nature of this organization, but the committee comprises lawyers of eminence and learning and standing, among them being Roscoe Pound, dean of the law school of Harvard University, and Tyrrell Williams, acting dean of the law school of Washington University. The report

recites usurpations and oppressions of the Department of Justice scarcely believable. I ask that the report be referred to the Committee on the Judiciary and with it a memorandum describing the personnel of the committee, for such action as the Committee on the Judiciary may care to take with reference to the same.

Mr. KING. Mr. President, I shall not resist the request of the Senator from Montana, but I would like to say that this matter, as I am informed, has been considered by one or more committees of the House. I recall reading a portion of the reply by the Attorney General to these charges. I believe that the charges are without merit, and I think that the record of the hearings before the Committee on Rules, if not another committee of the House, conclusively demonstrates that fact.

The record shows that there are a large number of alien radicals and Bolsheviks and seditionists and enemies to our Government who actively engaged in efforts to undermine our social and political structure. Their activities brought them within the provisions of existing law and called for their arrests and deportation. The Attorney General of the United States attempted to enforce the laws of Congress, and his acts in so doing brought upon his head the condemnation of these aliens and their sympathizers, and a number of persons, some of whom are the attorneys referred to by the Senator from Montana, and they engaged in an extensive propaganda to discredit a faithful, courageous, and able officer of the Government. These attorneys formulated the charges contained in the document just presented by the Senator from Montana.

I think that the Attorney General of the United States in the administration of his office has conducted himself with ability and with integrity and has honored the position which he occupies and has been an honor to the Government.

Mr. WALSH of Montana. I do not think it is any answer at all to the charge that illegal things have been done to say that there are Bolsheviks and anarchists in this country. If there are, they are entitled to whatever protection the law affords, even the most conscienceless and bloodthirsty murderer. They are all accorded certain rights under the law. It is no answer to charges of this character to say that the practices were directed against anarchists and Bolsheviks.

Among other things, charges are made in this document that multitudes of the people against whom these proceedings were directed were not Bolsheviks or anarchists, or anything of that nature, and accordingly an inquiry might very properly be directed to ascertain to what extent the imputation is justly directed against these people. But, even if the charges were found to be sound, I apprehend the Senator from Utah would not assert that they are not entitled to be tried in accordance with the law of the land, and if they have been guilty of any crime to be deported in accordance with the act of Congress, if they are here in violation of such act of Congress, as is asserted in this report. I understand that toward the close of the last session of Congress the matter was under consideration by some committee of the House, not the Judiciary Committee of the House, as I am told, nor any other committee, so far as I am able to ascertain, which could consider the alleged violations of the constitutional rights of the people who are properly in this country.

Mr. KING. Mr. President, just one word. I regret that the Senator from Montana has not acquainted himself fully with the investigations carried on in the House. I regret, moreover, that he has not acquainted himself with the reply which was made to this and other charges by the Attorney General before a committee of the House. I think that if the Senator had been fully advised as to all the facts in the case he would not present the request which he has submitted this morning.

The VICE PRESIDENT. The report and accompanying document will be referred to the Committee on the Judiciary, as requested.

JOINT DISARMAMENT OF NATIONS.

Mr. LA FOLLETTE. Mr. President, I present a resolution in the nature of a petition, which I ask to have read.

The VICE PRESIDENT. Without objection, the Secretary will read it.

The Assistant Secretary read as follows:

Resolution passed unanimously at mass meeting of the Women's Peace Society, Milwaukee, Pabst Theater, December 4, 1920.

Whereas the torch of war, if left in madmen's hands within each nation, will lay in ashes our civilization; and
Whereas the workers of the world, sensing this disaster, are preparing, through their voting power and their "councils of action," to cut off at the sources the engines of destruction; and
Whereas the women of the world, now come into political and economic power, intend to support the workers in their fight against war:
Therefore be it

Resolved by the Milwaukee Branch of the Women's Peace Society in mass meeting assembled, and in support of the workers in their position, as stated, That we do hereby petition the Members from Wisconsin of the United States Congress to use their utmost influence to have our country take the lead among the nations in achieving joint disarmament.

The VICE PRESIDENT. The resolution will be referred to the Committee on Military Affairs.

PROPOSED EMBARGO ON WOOL.

Mr. SMOOT. Mr. President, I have received many telegrams in the form of petitions. I do not intend to offer them all this morning, but they are all along the same line and for the same purpose. The Western Range Stockmen's Association met at Salt Lake City on the 8th of this month and passed resolutions asking Congress to take immediate action in placing an embargo upon wool, woolen goods, and live stock, and stating the reasons for the request.

I simply make this statement by way of petition, hoping that not only the Ways and Means Committee of the House but the Finance Committee of the Senate will take some action at a very early date upon the question of an embargo upon these products.

I wish to say while upon my feet that unless something is done very soon, as far as the wool industry of the United States is concerned, the industry will perish. I do not make radical statements upon the floor of the Senate, and I do not consider it a radical statement that I make now. A most serious condition exists, and if the wool industry is to be preserved in the United States quick action must be taken in order that that may be accomplished.

Mr. WALSH of Montana. Mr. President, I do not know whether the Senator is advised that the Committee on Agriculture and Forestry of the Senate had the matter under consideration and considerable testimony was taken. I am not sure that that committee might not as well review the subject as the Committee on Finance.

Mr. SMOOT. I will say to the Senator that the Committee on Finance day before yesterday was considering the question. Of course, the Committee on Finance thought, as far as an embargo was concerned which affected the revenues of the country, that that was the proper committee to consider the question.

Mr. WALSH of Montana. I do not desire to engage in any controversy concerning the appropriate committee. It is a matter of no consequence to me whether dealt with by one committee or the other, but considering that wool is now on the free list, I can not see that it necessarily falls within the jurisdiction of the Finance Committee. However, the testimony taken before the Committee on Agriculture and Forestry on yesterday can be transcribed for the use of the Finance Committee for what it is worth if they may desire to use it.

Mr. SMOOT. Of course, there is a duty upon manufactured woolen goods, I will say to the Senator, and that involves this same question. Of course, when you place an embargo on wool you must not fail to place an embargo upon woolen goods, because if that alone should be done very little favorable results would follow. But I will not take the time of the Senate to go into any further discussion of it at this time.

Mr. KENDRICK. In support of the statement made a moment ago by the Senator from Utah [Mr. Smoot] with reference to the urgent need of action in behalf of the mutton and wool industries of the West, I ask permission to read a copy of a telegram that has just been received here in regard to the shipment of a trainload of sheep from one of the shipping points in the State of Wyoming.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. KENDRICK. The telegram is addressed to J. M. Wilson, care Raleigh Hotel, Washington, D. C., and is from one of the largest commission houses in the Union Stock Yards. It reads as follows:

UNION STOCK YARDS, ILL.,
December 9, 1920.

J. M. WILSON,
Care Raleigh Hotel, Washington, D. C.:

Nineteen hundred and eighty-six ewes sold to Wilson & Co. at 2.10 per hundredweight, average 93 pounds gross proceeds, including 23 dead sheep, \$3,878.11; transportation expenses, including freight, switching, feed charges in transit, and war tax, \$2,804.12; yardage, \$159.84; fire insurance, 70 cents; commission, \$240; attendants' charge, \$20.

\$2,804.12	Total gross	3,878.11
159.84	Total charges	3,224.66
240.00	Net	2,653.45
20.00		32.67
3,224.66		

CLAY ROBINSON & CO.

The startling thing about this information is the summed-up figures of the cost and fixed charges of moving this shipment of sheep. The total gross proceeds were \$3,878.11, the total charges were \$3,224.66, and the net to the owner was \$653.45.

Mr. SMITH of South Carolina. For how many sheep?

Mr. KENDRICK. For 1,986 sheep.

Mr. SMITH of South Carolina. It would have been better for the owner to have brought them here and sold them for lamb chops.

Mr. KENDRICK. This information clearly shows that proportionately \$5 of the gross receipts went to pay fixed charges and \$1 went to the owner of the sheep as his part of the proceeds.

Mr. WARREN. Did my colleague state what the net proceeds per head were on those sheep?

Mr. KENDRICK. In answer to my colleague, I will say that I omitted to give the net receipts per head for this shipment of stock. They were a trifle over 32 cents per head.

Mr. WARREN. I understand, then, that the total net proceeds to the producer—the grower—was a trifle over 32 cents a head for those sheep, which cost him to raise not less than \$6 to \$8 each per head.

Mr. KENDRICK. It was 32 cents and a fraction per head.

Mr. WARREN. Was that on the Chicago market?

Mr. KENDRICK. Yes.

Mr. KING. May I ask the junior Senator from Wyoming [Mr. KENDRICK] if it is not a fact that there was no other market west of Wyoming to which these sheep could have been shipped where a better price could have been obtained?

Mr. KENDRICK. I assume that the owners selected the market that seemed to be the most inviting at the time they made the shipment. There are other markets west of the Missouri River, certainly; but, for what probably seemed to be very good reasons, the shipment was consigned to Chicago. There is not, as a rule, very much difference in the prices received at any of the various larger markets.

Mr. McCUMBER. If I understand the Senator correctly the producer of the sheep received for each sheep something less than we pay for one lamb chop.

Mr. KENDRICK. In answer to the Senator from North Dakota, I will say that 32 cents would undoubtedly be less than the price charged for a lamb chop.

Mr. McCUMBER. I think I am paying something more than that.

Mr. THOMAS. Mr. President, I have not the letter with me, but I am in receipt of a letter from a merchant whose complaint is that, owing to the decline in prices, his inventory taken at present values would show a distinct and decided loss of something like 40 to 50 per cent of the cost price of his stock of goods. He is unable to make any sales that do not involve a distinct loss to him. I merely mention this as showing that we are all complaining of a universal condition. The difficulty is that just at present the retailer, the hotel proprietor, and others have not as yet been affected to any appreciable degree by these conditions. As the Literary Digest said a few days ago, "the price of wheat has come down all unbeknownst to bread." I am inclined to think that when we realize that we are going through the inevitable process of readjustment consequent upon that reaction which has been coming for a long time, we will hesitate before applying speedy and ill-considered remedies to a universal condition.

Mr. SMITH of South Carolina. Mr. President, in reply to the suggestion of the Senator from Colorado, surely the Senator does not mean to say that he thinks it is a natural condition now confronting the producers of meat, bread, and textiles when the price they are receiving is anywhere from 200 to 300 per cent below the cost of production; so that if they are forced to sell their commodities on the market at the present prices and assume that indebtedness—those who are able to assume it—it will be, under the present conditions, years and years before they will be able to liquidate.

Mr. THOMAS. I do not mean to say that the condition is a natural one in the sense that it is a normal condition, but it is natural in the sense that it is inevitable; it is history repeating itself, perhaps on a larger scale, because the causes bringing it about were larger. It is not unprecedented; it is not unparalleled. It was and has been inevitable; and we can not expect to reach the normal conditions that prevailed before the war except by going through the long, painful, and losing process of readjustment.

Mr. FLETCHER. Mr. President, may I ask the Senator from Wyoming if he will be good enough to give us the separate items of transportation and of the revenue tax, so that we may get an idea of what part of this expense is properly chargeable to transportation? According to the figures as I

caught them, the sheep brought in Chicago more than a dollar a head, but the proceeds were eaten up largely by expenses. The Senator mentioned some of those expenses, but we did not get to the items of transportation and war tax.

Mr. KENDRICK. Mr. President, it will be quite possible to secure those figures in a little time, but it will take probably three or four days to get an itemized statement of the freight, switching, and feed charges, and other costs of shipment. If the Senator wishes it, I will make an effort to secure those figures.

Mr. FLETCHER. I had supposed the Senator had them there.

Mr. SMOOT. Mr. President, the trouble is that cattle and sheep have been shipped to the market faster than it is possible for the market to absorb. I wish to say in this connection that I know that some of the woolgrowers, taking their sheep from the summer range to the winter range, have told bankers in my State, "My sheep are now here; I do not want any expense attached to the foreclosing of the mortgage upon them; come and take them; they are yours; they are all I have, and I want no additional expense incurred in the transaction." That has not happened once, but to my knowledge it has happened a good many times. I say now, as I said before the committee the other day, that I am positive that half of the woolgrowers of the West are bankrupt. I do not know whether or not an embargo will save the other half. South American wools are selling to-day at 9 cents a pound. We to-day have in the United States over 800,000,000 pounds of wool. Not 5 per cent of the last clip of wool in the United States has been sold. It remains in the hands of the growers, or with the commission house of the growers. Many of the growers of the West drew 25 cents a pound upon their wool. The commission men are demanding of them that they return 10 cents a pound upon the wool that they consigned to them. It is impossible for them to comply.

I want to impress upon Senators the real situation. Perhaps you do not like an embargo. I do not either, but I know that it is the only way in which the industry, or part of it, can be maintained.

The situation with regard to live stock is quite different from that with regard to other commodities. Commodities generally can make a loss one year and produce the same crop from the ground the following year; but if you destroy an industry like this, if you allow the female stock that is now going by the trainloads into the markets to be sold for such prices as have just been named by the Senator from Wyoming, it will take 25 years to resuscitate the industry.

I could go on and tell you, Mr. President, of the importations that are taking place. The Cleveland Woolen Mills the other day bought a South American clip of wool that they have purchased for years and years past, 1,500,000 pounds, in round numbers. It cost them 20 cents a pound, with all expenses and commissions paid, delivered at the port of entry. What does that mean? It means to meet that price the woolgrower of the United States can not receive one-half of what it cost him to produce the wool.

There is enough wool in the United States to-day to furnish the American manufacturers with all the wool that they will require, even if the demand for woollen goods should increase 100 per cent from what it is to-day, for nearly two years if there is not a pound of wool produced or imported into the United States.

Mr. KENDRICK. Mr. President, will the Senator yield?

Mr. SMOOT. Yes; I yield to the Senator from Wyoming.

Mr. KENDRICK. Testimony was given before the Committee on Agriculture and Forestry yesterday that there is just about a sufficient supply of wool in this country at this time to provide amply for the needs of the Nation for a period of two years, and we were also informed that there were enormous supplies in other countries that have been unable to transport their wools for the last three or four years; so that with the door left open for these other wools to come into the country the situation is absolutely hopeless for the woolgrower.

Mr. SMOOT. Mr. President, I can say that whoever testified to that yesterday testified to an absolute fact. I do not have to have the testimony that was given yesterday before the Agricultural Committee; I know it. I know the amount of wool in the United States to-day, and where it is located, and I know the amount of wool that is consumed in ordinary times by the American manufacturers; and I say without a moment's hesitation that if there were not another pound of wool produced for the next two years, if there were not another pound of wool imported into the United States for the next two years, there is almost enough wool in this country to-day to supply the requirements of the American manufacturers.

I recognize the fact that there are a few mills in the United States that use a class of wool that is not produced in the United States; but they can be counted on the fingers of one hand, and they have at least enough stock on hand to run for eight months. That is the very finest of Australian wool, with a staple that is not less than 4 inches long. That wool is used in this country for the purpose of making a No. 70 or No. 80 thread, the finest thread that is spun by a woolen mill. On the other hand, there is a long, coarse wool, about 6 inches long, that is used for making the wool linings of men's coats.

I think there is in this country now enough of that class of wool to run at least a year, and all we ask is that an embargo be laid upon wool now so that the wool that is in this country may be used.

What will be the effect of it? It will raise the price of wool to what the manufacturer thinks the duty will be that may be placed upon wool at the next session of Congress, or whenever the new revenue law is enacted.

Mr. KENDRICK. Mr. President—

Mr. SMOOT. I yield to the Senator from Wyoming.

Mr. KENDRICK. I should like to ask the Senator from Utah if he does not think the effect of an embargo, in all probability, would be not to increase the price of wool to the consumer so much as it would be to fix some kind of a value on it, so that the product could be marketed? Judging from my discussion of the question with those who are financially ruined by the situation, the woolgrowers are willing to sell at almost any price, but the difficulty is not a question of price; it is a market of some kind, of any kind.

Mr. SMOOT. The truth of the case is that England outplayed us from the very beginning, following the signing of the armistice. England had an immense stock of wool on hand; of course, there was a great stock of wool in Australia and New Zealand, and shortly our market here was flooded with foreign wools and at prices always just under the prices of the American wools, and the price has been falling right down. There is no market to-day for the American wool. The wools of South America, as I say, are coming in here, and there was recorded the other day a sale of quarter-bloods at 9 cents a pound, and we can not compete with it. Why, last year, in order to get the wool taken from the back of the sheep it cost nearly 4 cents a pound to have it sheared.

Mr. President, this is the morning hour, and I shall not take any more time now; but when this question comes up for discussion in a proper way I hope we may have the attention of the Senate, for I want to call particular attention to just what the embargo means, and what the new proposition means that the manufacturers of the United States are making to the Congress as a substitute.

It is that a charge shall be made upon the importation of all goods into the United States, whether they enter free or whether they are dutiable, of the difference between the exchange value of American money and the foreign money of the country from which the goods were shipped. I will close by saying that if there is a difference of 30 per cent between the exchange value of the American dollar and the English pound, it would mean a 30 per cent charge upon the wools that are imported into the United States. The wool that entered the other day, 1,500,000 pounds, was sold to the Cleveland Woolen Mills at 20 cents a pound delivered at the port of entry, with all expenses paid. Thirty per cent of that is 6 cents a pound; or, in other words, that would make the wool cost to the importer 26 cents a pound. That will never save the industry in the United States; and therefore, when the time comes, I think the only way for us to do, if we are going to save the industry, is to impose an embargo for a limited time.

Mr. HITCHCOCK. Mr. President, I should like to ask the Senator a question before he takes his seat. I was not in the Chamber at the time the Senator began. Has this wool come from other countries than Australia?

Mr. SMOOT. Oh, Mr. President, South America is filled with wool, and—

Mr. HITCHCOCK. Has the Senator any figures as to the quantities?

Mr. SMOOT. I have not the figures here, because I did not expect the discussion to come up this morning; but I can give the figures to the Senator in pounds from every country. The other day I introduced a bill placing an embargo on wool and woolen goods, and the next morning a representative of interests in Argentine Republic was in my office asking me whether I thought that bill was going to pass. He stated that the Argentine was filled with wool, and that they did not know where they could find a market for it unless they could place it in America, and I will say to the Senator that that is the case.

Mr. HITCHCOCK. So the embarrassment has come more from the Argentine Republic than from Australia?

Mr. SMOOT. Oh, no; from Australia particularly, and South Africa, and all of the South American countries.

Mr. WARREN. And New Zealand.

Mr. SMOOT. There is only a little from there.

Mr. HITCHCOCK. I ask the question because I notice, by reference to some figures that I have in my pocket, that the imports of all classes from Australia are materially smaller this year than they were last year; and I was wondering, therefore, how it would be such a serious matter in the case of Australia.

Mr. SMOOT. I want to say to the Senator that to-day there is not 30 per cent of the woolen machinery running in the United States. I mean, taking the country as a whole, there are only about 30 per cent of the looms in operation in the United States now.

Mr. WALSH of Montana. Mr. President, I desire to say to the Senator from Nebraska that the exact figures were given to the Committee on Agriculture and Forestry yesterday by a representative of the Tariff Commission who was present and testified, so that the Senator can obtain accurate information from that source. The fact is that the importations from Australia are mounting up enormously.

Mr. SMOOT. Yes; and I will say to the Senator from Nebraska that the importations are increasing every day, and I have no doubt but that from now on every pound of wool in Australia and South American countries that can be shipped will be shipped, with the hope of arriving here before any action is taken by Congress.

Mr. HITCHCOCK. The figures I have, to which I referred, are official figures, and they embrace all classes of imports. Last year, for the first 10 months, our total imports from Australia were \$49,377,000, and this year for the first 10 months of the year they are less than \$42,000,000.

Mr. WARREN. Mr. President, the Senator from Nebraska will remember that the Government of the United States at the close of the war had on hand some 600,000,000 pounds of wool that it has been putting on the market from time to time, which of course has added to the overload; and a large portion of that wool was bought originally in foreign countries. There is at the present time in the neighborhood of 40,000,000 pounds in the hands of the Government that is thrown on the market from time to time through sales effected by soliciting sealed bids, formerly open bids, and that of course has helped an overload, which has accumulated not only in foreign countries but here at home. The trouble here is not the low price of wool so much as it is that there is no market here for wool.

THE FINANCIAL SITUATION.

Mr. McCUMBER. Mr. President, there are quite a few delegations who have been importuning members of the Finance Committee for a meeting to consider the postponement of the December 15 installment of taxes, and also to devise a method of reducing those taxes. I had expected to ask permission, at the close of the routine morning business, to present some figures upon this proposition, so that those interested in the question could for themselves judge whether or not it would be possible for the Congress to grant them the relief they sought. Inasmuch as there are only four days to elapse between now and the 15th, and we do not seem to be approaching the end of the morning business, I am going to ask the unanimous consent of the Senate to present, at this time, some of the figures showing the present financial status of the country, and the necessity for immediate cash to meet immediate needs.

While there has been no meeting and no action by the Committee on Finance, the members of that committee individually have been worked overtime in receiving delegations who, in presenting their urgent appeals for remedial action by the Congress, are reflecting the deplorable condition that is general throughout the country.

There are two features of the general situation where the demand is for immediate relief. The first of these, and most important, is our agricultural collapse; the second, the heavy inventory losses due to rapidly falling prices, for which relief is sought by (a) postponing the December 15 installment of the tax on 1919 profits and income, and (b) by allowing the inventory losses of 1920 to be offset against the profits of 1919, and, to that extent, reducing the amount of the December, 1920, installment. While no one can speak for the final action of the committee, or of the Senate or House, on these proposals, it is eminently proper, and, to my mind, most urgent that the taxpayers directly interested and the country at large be informed at the earliest possible moment of the present financial situation of the country, to the end that they may exercise their own judgment as to the probability or possibility of securing the relief demanded. This is especially true as to the demand

for the postponement of the last installment of taxes, which falls due December 15.

I wish, therefore, to present a most general statement of the conditions of the National Treasury, its immediate obligations, and its cash assets to meet them:

Amount of cash in Treasury Dec. 6, 1920-----	\$160,018,235
Dec. 15 tax installment, estimated-----	650,000,000
Total-----	810,018,235

Turning now to our immediate liabilities:

Outstanding certificates maturing Dec. 15, 1920-----	700,000,000
Maturing Jan. 3-15, 1921-----	300,000,000
Maturing Dec. 15, 1920-----	140,000,000
Total-----	1,140,000,000

Thus, Mr. President, if every dollar of the December 15 installment is paid in full and the last cent in the Treasury, excluding the comparatively small amount that will be secured from general internal revenue sources and which will be far more than offset by the amount paid out for general governmental expenses, there would still be left by January 15 past-due obligations of \$329,981,765.

But even that deficit is based on the assumption that the Treasury is milked dry—is left bankrupt. In making his calculations and estimates the Secretary of the Treasury places cash of \$250,000,000 as the minimum of safety.

Therefore, to keep the Treasury on a safe basis we must add this sum, which brings the deficit or amount which must be raised in some manner to \$579,981,765.

But even this gigantic deficit, which requires immediate liquidation, does not disclose the full truth. There must be added to this whatever sum is necessary to make good deficits growing out of governmental operation of railroads, estimated by the President in his annual message at \$650,000,000, bringing the total deficit immediately confronting us to \$1,229,981,765.

Mr. President, this is the situation, and it is the deficit that meets our immediate gaze. But it is not the end of our difficulties.

The Secretary, in his annual report, directs our vision along a vista including two fiscal years, or two and a half calendar years, from the 1st day of January next. He leaves us with a deficit on June 30, 1921, of \$2,000,000,000, and on June 30, 1922, of nearly \$1,500,000,000.

I ask to have printed the report for these two fiscal years:

FINANCIAL STATEMENT.

[From report of Secretary of the Treasury for the year ended June 30, 1920.]

On page 273 and following is a summarized estimate of receipts and expenditures for the fiscal year 1921, as follows:

Balance in Treasury June 30, 1920-----	\$359,947,020.33
--	------------------

Estimated receipts:

Ordinary-----	\$5,739,565,000
Public debt-----	60,193,375

Total-----	\$5,799,758,375
-------------------	------------------------

Estimated expenditures:

Ordinary-----	4,851,298,931
---------------	---------------

Public debt (including \$2,509,550, 500 certificates of indebtedness outstanding maturing within year, but not including Pittman Act certificates)	3,063,443,584
--	---------------

Total-----	7,914,742,515
-------------------	----------------------

Excess of estimated expenditures over estimated receipts-----	2,114,984,140.00
---	------------------

Estimated deficit in general fund June 30, 1921-----	1,755,037,119.67
--	------------------

Estimated amount necessary for balance in general fund June 30, 1921-----	250,000,000.00
---	----------------

Estimated gross deficiency June 30, 1921-----	2,005,037,119.67
---	------------------

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Utah?

Mr. McCUMBER. Certainly.

Mr. KING. Do the figures which the Senator has just stated contemplate any reimbursement to the railroads or contemplate the payment by our allies of any portion of the interest upon the \$10,000,000,000 loaned them?

Mr. McCUMBER. No. However, in the statement which I have given, and which I stated was not taken into consideration in the Treasurer's estimate, was the sum of \$650,000,000 to be paid to the railways, as shown by the message of the President of the United States.

Mr. SMOOT. Mr. President—

Mr. McCUMBER. I yield to the Senator from Utah.

Mr. SMOOT. I will say to my colleague [Mr. KING] that these figures do not include any deficiency appropriations which may be made between now and June 30, 1921.

Mr. KING. I understand.

Mr. McCUMBER. We do not know what they will be.

Mr. SMOOT. Whatever sum they amount to will be added to this deficit.

Mr. McCUMBER. I wish now to give the figures for the fiscal year 1922.

Mr. KING. If the Senator will pardon me, of course, in view of this enormous deficit plus the present condition of the country, it is apparent that this Congress ought to use the ax wherever possible and prune the appropriation bills, which will soon come before the Senate.

Mr. McCUMBER. That is one of my purposes in giving this early statement of the situation.

Fiscal year 1922.

Estimated deficit in general fund June 30, 1921 (as above)-----	\$1,755,037,119.67
---	--------------------

Estimated receipts:

Ordinary-----	\$4,859,530,000
Public debt-----	60,200,000

Total-----	\$4,919,730,000
-------------------	------------------------

Estimated expenditures:

Ordinary, exclusive of expenditures on account increased compensation of Government employees, of expenditures additional compensation in Postal Service, and of expenditures on account of new construction in Navy-----	3,897,419,227
Public debt-----	465,854,865

Total-----	4,363,274,092
-------------------	----------------------

Excess of estimated receipts over estimated expenditures-----	565,455,908.00
---	----------------

Estimated deficit in the general fund June 30, 1922-----	1,198,581,211.67
--	------------------

Estimated amount necessary for balance in the general fund June 30, 1922-----	250,000,000.00
---	----------------

Estimated gross deficiency June 30, 1922-----	1,448,581,211.67
---	------------------

Now, Mr. President, the estimated receipts and disbursements for the year ending June 30, 1922, do not include deficits which must be taken care of during the coming year. The President estimated for the railroads \$650,000,000. As nearly as I can learn, this deficit, when all claims are in, will be nearly double that amount, or about \$1,125,000,000.

On October 31, 1920, there were still outstanding and unpaid tax certificate obligations of the Government due from December 15, 1920, to March 15, 1921, of \$506,527,500. If we carry the tax certificates to September 15, 1921, the total will be \$1,782,040,000. If we include the loan certificates which become due within the year, this total will amount to \$2,629,432,950. I call attention to page 22 of the report of the Secretary of the Treasury.

Here is an important feature which we ought to take into consideration. About \$4,250,000,000 of Victory notes mature May 20, 1923, \$800,000,000 of war-savings certificates mature January 1, 1923, and \$2,347,000,000 of loan and tax certificates mature within the year. Within a period therefore of about two and one-half years, ending May, 1923, there will become due and payable \$7,500,000,000 of Government war obligations. I call attention to page 23 of the Secretary's report.

It is worthy of note that the Secretary bases his estimate of the deficit which will exist on June 30, 1922, on the assumption that our revenue for that fiscal year will be \$4,859,530,000, or nearly \$5,000,000,000. I do not wish to take a gloomy view of our industrial prospects, but if 1921 as a whole is not a most decided improvement over the last two months of 1920 this revenue will not be one-half of that sum.

Now, with these great deficits, both near and far, staring us in the face we are striving to find some way by which we can relieve the agricultural situation. We hope for some kind of relief through a revival of the activities of the War Finance

Corporation. While wheat and wool are pouring into this country in unprecedented volume, driving down the prices of the American product to half the cost of producing it, we are about to ask this War Finance Corporation in some way to finance the bankrupt countries of Europe so we can export our wheat to them. If we were business men—possibly I ought not to say “and not statesmen”—we would follow our business instinct and we would at least close the intake to our tank while we were struggling to empty the tank through the spigot. But of that hereafter.

We are now considering the financial situation. What the farmer needs is money to live on until he can get a half living price for his crop. What the country bank needs is money to loan this farmer.

Mr. President, in my State 23 banks closed during the past three weeks. These banks were all, with one exception, I think, in a section of the country where there have been crop failures, whole or nearly whole, for three or four years.

During each of those years the banks of this section have had to extend credits over the former years until they themselves can secure no further credits from the reserve banks. Many other banks would have been closed except for assessments upon stockholders.

Where can we get the money? The testimony of Mr. Harding, governor of the Federal Reserve Board, taken before the Committee on Agriculture and Forestry, on the whole is to the effect that the reserve banks have extended their credit as far as they can safely do so; that if they were to further extend those credits and the present conditions should continue, it might endanger our whole banking system.

Mr. GRONNA. Mr. President—

Mr. McCUMBER. I yield to my colleague.

Mr. GRONNA. I hope my colleague will not get the impression that the 23 banks closed had been extended credit from the Federal Reserve Board, because that is not the true condition.

Mr. McCUMBER. No; they are State banks.

Mr. GRONNA. None of them belong to the Federal Reserve System.

Mr. McCUMBER. I am speaking now of the general plan to get money to finance the situation in these agricultural sections. That must come from these Federal reserve banks.

Now, if these banks can not supply associate banks with money sufficient to tide over the agricultural depression, how can these same banks furnish the money to a foreign people to buy these farm products? For, after all, what these farmers must have, and what these country banks must have, is money, and the credit that is not backed by cash somewhere in the background is not a very reliable credit.

So it would seem to me that so far as the agricultural situation is concerned, the first, the real, the sensible thing to be done is to close the intake pipe, stop the importations, and give the American farmer exclusively the American market so long as he can supply that market at living prices.

Mr. KING and Mr. NELSON addressed the Chair.

The VICE PRESIDENT. Does the Senator from North Dakota yield; and if so, to whom?

Mr. McCUMBER. I yield first to the Senator from Minnesota.

Mr. NELSON. Would not that result in depriving the people of Europe of the purchasing power to purchase our products? If Europe can sell nothing to this country, how can they be in a position to buy our products freely? Has the Senator considered that matter?

Mr. McCUMBER. Oh, Mr. President, there is no question but what we can not continue to universally trade with a country where the balance of trade is always in our favor and against that country unless that country can get a balance of trade somewhere else. But our first and impending duty now is to take care of our own people if we can. They can not sell their products. We are seeking through a governmental board to provide means by which we can export these products to foreign countries when, as a matter of fact, the same products are coming into this country in unprecedented quantities.

Why, I call the attention of the Senator from Minnesota to the fact that during the month of October alone about 10,000,000 bushels of wheat, including flour, crossed the Canadian line for Minneapolis. During the month of November I am informed that that will run at least to 12,000,000 bushels.

Now, we are seeking to export this wheat to Germany and Austria and to finance those countries in some way so that they can buy our exports and thereby relieve the depression, when the depression is growing continually by enormous imports into the United States.

I now yield to the Senator from Utah.

Mr. KING. Mr. President, I was interested in the suggestion of the Senator that the proposition had been made that we finance the European nations so that they might purchase our products. I wish to invite the attention of the Senator to the fact that the manufacturers and producers of the United States have extended to Europe approximately \$4,000,000,000 of credit during the past year or two. Unless there is a rehabilitation of Europe quite speedily, unquestionably many of our producers who have extended that credit will not only suffer great loss, but in many instances it will be irreparable loss.

I was wondering if the Senator intends to discuss, before concluding, the manner by which we should finance Europe. It seems to me that if any financing is to occur by which they are to purchase our products we must do something that will put the European people to work, so they will have something with which to purchase. If they do not have money or products with which to buy we can not, it seems to me, finance Europe in the hope, in the end, of receiving back the amount which we have advanced to them.

Mr. McCUMBER. I know there is a great deal in that; but we can not use our cash to put those people to work while our own people are being put out of work, and there is the great difficulty. It is the depression in our own country that we must look out for first, and thus give our own people in the United States an opportunity to earn a living, irrespective of its final effect upon any other country.

Mr. DIAL. Mr. President—

Mr. McCUMBER. I yield to the Senator from South Carolina.

Mr. DIAL. I should like to ask the Senator from North Dakota if these State banks had joined the Federal association would they not have strengthened their borrowing capacity, and naturally would not that have relieved the situation, or helped to relieve the situation?

Mr. McCUMBER. It is barely possible that if some of those State banks were in the association they might in the past have received some assistance in credit, but I doubt if they could receive any to-day, even if they were associated, because one of the banks in my State, I notice, that has just closed its doors was a member of the association. There are a sufficient number of national banks members of the association to relieve the situation in that section of the country, provided they could get the credit from the Federal reserve banks.

Mr. DIAL. Probably the reason why they could not get the credit was that they wanted the money on paper that was not eligible for rediscount.

Mr. McCUMBER. Undoubtedly that plays an important part, but the real trouble is that credit has been so expanded that the presidents and the boards of control of the Federal banks feel that with falling markets they must keep their reserves up and their credits down in order to be perfectly safe.

Mr. SIMMONS. Mr. President, do I understand the Senator from North Dakota to argue that the situation in which the wheat growers find themselves in this country would be relieved if we were to place an embargo upon foreign wheat and not permit any further importations into this country?

Mr. McCUMBER. Certainly; the situation would be greatly relieved but not fully relieved. The Senator can see for himself that a million bushels a month would have been a large importation from Canada under ordinary conditions. In the month of October there were about 10,000,000 bushels, including the flour, that were imported free of duty into the northwestern markets. Canada has had a splendid crop. During that month wheat dropped about 60 cents a bushel, just at the time that the Canadian wheat was coming in. With another 12,000,000 bushels in December, and at that rate of importation for a few months, we shall have all the Canadian export wheat in the United States, and we shall then be compelled to find an export market not alone for the American surplus but also for an additional amount equal to the Canadian surplus.

Mr. SIMMONS. The Senator, then, attributes the fall in the price of wheat somewhat to those importations?

Mr. McCUMBER. Oh, yes; to a great extent.

Mr. SIMMONS. But, at the same time, I understand the Senator as saying that if those importations had not taken place, and if those importations are not permitted in the future, still the situation in which the wheat growers find themselves would not be relieved?

Mr. McCUMBER. Oh, it will not be completely relieved. We are having a period of depression, and the wheat growers and every other business must stand that; but a complete embargo against importations would greatly relieve the situation.

Mr. SIMMONS. There is no way to relieve that condition, which would exist and be unremedied even by an embargo?

Mr. McCUMBER. Not completely to relieve it, I will admit, but we are seeking in some way to palliate the trouble as much as possible. And if we can relieve it one-half we should not hesitate.

Mr. SIMMONS. Is it not a fact that, leaving out the question of importations altogether, we produced last year, as we have generally produced in past years, a very large excess over the demands of this country?

Mr. McCUMBER. That must be qualified. As to the production of a certain kind of wheat which was used for a certain kind of flour, yes; of another kind of wheat, which is raised extensively and, indeed, almost exclusively in the States of North and South Dakota, eastern Montana, and Minnesota, no; because they have not raised a sufficient amount this year of the latter kind to meet the demands of millers for that character of wheat for their trade. That is the kind of grain that is coming over from Canada.

Mr. SIMMONS. And if that character of wheat sells at a low price, that is reflected in the price of the other kinds of wheat, is it not?

Mr. McCUMBER. Oh, yes; certainly.

Mr. SIMMONS. Then the crux of the matter is that an embargo will not relieve the situation; that it is necessary in some way or other to stimulate exportations of wheat? Is that not true?

Mr. McCUMBER. Mr. President, I am in favor of both propositions. While I doubt if we shall get very much assistance from the renewed activities of the War Finance Corporation, I am hopeful that they will have a tendency to help to some extent. I therefore would favor its revival, and I would favor every possible measure that would tend to help the situation. To my mind, however, the embargo is far more important than any other proposed remedy.

Mr. SIMMONS. But the other is absolutely essential in order to stabilize prices, is it not?

Mr. McCUMBER. No; I do not think it is absolutely essential. I hope it will help to stabilize the prices and assist us some way in our connection with exports.

Mr. SIMMONS. I was apprehensive, Mr. President, from the remarks of the Senator up to the time of my interruption that he was going to oppose a revival of the War Finance Corporation as a means of helping exportation.

Mr. McCUMBER. Far from it. I am in favor of as many remedies as we can possibly put through that hold the slightest promise.

Mr. SIMMONS. Mr. President, if the Senator will permit me in his time to draw a parallel between the wheat situation and the cotton situation I shall be very glad now to do so.

Mr. McCUMBER. If the Senator will allow me one moment I shall be through, and then I shall yield the floor to the Senator.

Mr. SIMMONS. I will only take a minute.

Mr. McCUMBER. Very well.

Mr. SIMMONS. The Senator from North Dakota has shown to us that an embargo upon importations of wheat would greatly relieve the wheat situation. In that particular the cotton situation differs entirely and fundamentally from the wheat situation.

Mr. McCUMBER. That is true.

Mr. SIMMONS. No embargo upon cotton will affect the cotton situation in the slightest degree.

Mr. McCUMBER. Because we import practically no cotton.

Mr. SIMMONS. Because we export cotton and do not import any except some Egyptian cotton. The only thing that can relieve us is to provide some means by which we can export to Europe the same proportion of our cotton products that we have been heretofore doing.

I have seen some suggestions in the newspapers that this year we have exported during the last few months about the same quantity as we did last year. That may be so, Mr. President, but our exports during that same period of time as compared with our exportations in normal times is as three to one.

Mr. McCUMBER. But, Mr. President, the principal object of this address is to reach the ear of those who are asking favors of the Government. We want every man and every corporation who must be called upon to remit for taxes to look not alone upon their own discomforts but also upon the country's dire need. We want the soldier who is asking for immediate action on a bonus bill to exercise patience and forbearance, and to understand the grave financial difficulties that confront Congress. And we want our appropriation committees to cut to the bone and to keep appropriations down to the limit of the

bare necessity of government. This is no time even to dream of new governmental projects which will call for Treasury disbursements.

Mr. President, I have a copy of a letter from the Secretary of the Treasury written in response to a letter from Mr. FORDNEY, chairman of the Committee on Ways and Means of the House of Representatives, pertaining to the matter of extending the time of payment of the December 15 installment of income and profits taxes and also in regard to offsetting the inventory losses of 1920 as against 1919 profits. The Secretary of the Treasury very fully discloses why that would seem to be an impossibility. I will ask that the letter written by Mr. FORDNEY and the answer of the Secretary of the Treasury may be printed in the RECORD at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

The letters referred to are as follows:

NOVEMBER 19, 1920.

HON. DAVID F. HOUSTON,

The Secretary of the Treasury, Washington, D. C.

DEAR MR. HOUSTON: The Committee on Ways and Means is in receipt of numerous communications from taxpayers referring to declining values and resulting inventory losses during the taxable year 1920. Complaint is made of inability or difficulty in raising money to meet the December 15 tax installment, and action is urged to postpone payment of the December 15 installment of income and profits taxes under certain conditions and legislation is advocated by them to extend the "net loss" provisions of the revenue act of 1918 to the year 1920. I would be pleased to receive any suggestions or recommendations you may see fit to make in this connection.

Very truly, yours,

J. W. FORDNEY.

THE SECRETARY OF THE TREASURY,
Washington, D. C., November 20, 1920.

HON. J. W. FORDNEY,

Chairman Committee on Ways and Means,

Washington, D. C.

DEAR MR. FORDNEY: I received your letter of November 19, 1920. I am glad to have this opportunity of stating the Treasury's views on the two proposals which have been made to you by certain taxpayers. The first is to postpone the payment of the December 15 installment of income and profits taxes. The second is that the "net loss" provisions of the revenue act of 1918 be extended to the year 1920, presumably to permit the deduction of inventory losses during the taxable year 1920 from the net income for the taxable year 1919, with re-determination of the 1919 taxes accordingly. Similar suggestions have recently come to the Treasury. The agitation for these changes in the law is doing much harm, and, from the point of view of the Treasury, it is important that the situation be made clear.

As you know, the revenue act of 1918 provided for the payment of income and profit taxes in four quarterly installments due on March 15, June 15, September 15, and December 15. The taxes due on December 15, 1920, represent chiefly the final installment due in respect to income and profits of the taxable year 1919. Taxpayers have already had nearly 12 months' grace as to this final installment and have had every opportunity to make provisions for its payment by setting up the necessary reserves or purchasing Treasury certificates of indebtedness. The Treasury Department, moreover, has adjusted its financial program to the tax payment dates provided by the revenue act of 1918. There are outstanding nearly \$700,000,000 of certificates maturing on December 15, 1920, and an additional \$300,000,000 mature on January 3 and January 15, 1921. On December 15 there will also become payable the semiannual interest on the first Liberty loan and the Victory Liberty loan, aggregating about \$140,000,000. To meet these heavy maturities of principal and interest and at the same time provide for the current requirements of the Government, enlarged as they are by the extraordinary burdens imposed upon the Treasury in connection with payments to the railroads, the Treasury relies chiefly on the income and profits taxes payable on December 15. This installment is not expected to exceed \$650,000,000. The Treasury must finance its further requirements, so far as they are not covered by ordinary current receipts, through issues of Treasury certificates of indebtedness. It would be impossible to defer the payment of the December installment of taxes without forcing the Treasury to offer Treasury certificates in prohibitive amounts.

Moreover, to extend the time for the payment of the December 15 installments would simply mean that the Treasury would, in effect, be financing private business, which should provide for itself through ordinary banking channels, if necessary. In this respect the proposal is not different from those insistently made to the Treasury during the last few months, that Government funds be made available in various sections of the country to finance the holding of commodities or for the export of goods to Europe.

The suggestion that the "net loss" provisions of the revenue act of 1918 be extended to the year 1920 is equally impossible from the point of view of the Treasury. Under the present revenue law the Treasury receives in the year 1920 taxes based on the income and profits of taxpayers during the year 1919. The whole financial program of the Government requires that the Treasury be able to rely upon the collection of these taxes. No change should be entertained which would render uncertain the bulk of the Government's tax receipts and perhaps result in heavy claims for refunds with consequent increases in the public debt and additional short-term financing. There is, furthermore, no reason in fairness why taxpayers who made profits in 1919 and became liable to pay taxes on the basis of those profits should now be permitted to throw upon the Government the burden of losses incurred in the conduct of their own businesses in the year 1920.

The Treasury must of necessity promptly meet the Government's bills. If uncertainty is to be introduced now into the tax payments upon which the Treasury principally relies, it clearly will be impossible for the Government to finance itself.

Very truly, yours,

D. F. HOUSTON, *Secretary.*

Mr. McCUMBER. I also ask, Mr. President, to insert as a part of my remarks certain tables covering the points I have discussed.

The VICE PRESIDENT. Without objection, it is so ordered. The tables referred to are as follows:

Amount of cash in Treasury Dec. 6, 1920.....	\$160,018,235	
Dec. 15 tax installment, estimated.....	650,000,000	
Total.....		\$810,018,235
Outstanding certificates maturing Dec. 15, 1920.....	700,000,000	
Maturing Jan. 3-15, 1921.....	300,000,000	
Maturing Dec. 15, 1920.....	140,000,000	
Total.....		1,140,000,000
Deficit (with empty Treasury).....	329,981,765	
Minimum Treasury safety balance.....	250,000,000	
	579,981,765	
Railway-operation deficit.....	650,000,000	
Total deficit.....		1,229,981,765

FINANCIAL STATEMENT.

[From report of Secretary of the Treasury for the year ended June 30, 1920.]

On page 273 and following is a summarized estimate of receipts and expenditures for the fiscal year 1921, as follows:

Balance in Treasury June 30, 1920.....		\$359,947,020.33
Estimated receipts:		
Ordinary.....	\$5,739,565,000	
Public debt.....	60,193,375	
Total.....		\$5,799,758,375
Estimated expenditures:		
Ordinary.....	4,851,298,931	
Public debt, including \$2,509,550,500 certificates of indebtedness outstanding maturing within year, but not including Pittman Act certificates.....	3,063,443,584	
Total.....		7,914,742,515
Excess of estimated expenditures over estimated receipts.....		2,114,984,140.00
Estimated deficit in general fund June 30, 1921.....		1,755,037,119.67
Estimated amount necessary for balance in general fund June 30, 1921.....		250,000,000.00
Estimated gross deficiency June 30, 1921.....		2,005,037,119.67
Fiscal year 1922.		
Estimated deficit in general fund June 30, 1921 (as above).....		\$1,755,037,119.67
Estimated receipts:		
Ordinary.....	\$4,859,530,000	
Public debt.....	60,200,000	
Total.....		\$4,919,730,000
Estimated expenditures:		
Ordinary, exclusive of expenditures on account increased compensation of Government employees, of expenditures account additional compensation in Postal Service, and of expenditures on account of new construction in Navy.....	3,897,419,227	
Public debt.....	465,854,865	
Total.....		4,363,274,092
Excess of estimated receipts over estimated expenditures.....		565,455,908.00
Estimated deficit in the general fund June 30, 1922.....		1,198,581,211.67
Estimated amount necessary for balance in the general fund June 30, 1922.....		250,000,000.00
Estimated gross deficiency June 30, 1922.....		1,448,581,211.67

Mr. SIMMONS. Mr. President, may I ask the Senator a question?

Mr. McCUMBER. Certainly.

Mr. SIMMONS. I assume from the statement of the Senator that the majority members of the Finance Committee have conferred about this matter and that they have reached—

Mr. McCUMBER. They have not conferred as a committee, of course—

Mr. SIMMONS. Well, informally.

Mr. McCUMBER. But the Republican members have informally met a few times and discussed a number of situations.

Mr. SIMMONS. And they have determined that there shall be no action and can be no action for the purpose of extending the time of payment of the next installment, due in December, of the income and profits taxes?

Mr. McCUMBER. No; Mr. President, they have not so determined, because that determination would have to be made by the committee. There has simply been a discussion among a few of the Republican members.

Mr. SIMMONS. They have decided that they will not do anything to bring that matter before the Senate for action, have they not?

Mr. McCUMBER. Oh, I think that is not correct, because I think the matter will come up before the committee, and the committee will undoubtedly have a meeting in a very short time to consider it. I am not presenting these figures on behalf of the committee nor on behalf of any members of the committee, but I am presenting them so that those who are interested in the postponement of the payment of the taxes due in December may know that in all probability the request can not be granted.

Mr. SIMMONS. Does the Senator mean that the committee will be called together before the 15th of December?

Mr. McCUMBER. I hope so.

Mr. SMOOT. Mr. President, I wish to say to the Senator from North Carolina that, so far as I am personally concerned, I think the business interests of the United States ought to be advised at once—

Mr. SIMMONS. That is exactly what I am trying to have done.

Mr. SMOOT. That the Government of the United States can not extend the time for the payment of the taxes which fall due on December 15, and, so far as I am concerned as a member of the Finance Committee, I am ready to say that we can not do it, and I believe that the business interests ought to know it. Therefore I make this statement.

Mr. SIMMONS. Mr. President, I entirely agree with the statement made by the Senator from Utah. I do not think it is practicable to extend the time, and I was trying to make it plain and clear that it could not be done and would not be attempted, so that the business interests of the country might know now, finally, that no effort in that direction will be made.

Mr. McCUMBER. That is my reason for presenting this argument, to show how impossible it will be. Of course the committee must finally determine that question for itself.

Mr. SIMMONS. That is true, and also as to the proposition with reference to allowing inventory losses.

Mr. McCUMBER. Yes. I think the report by the Secretary of the Treasury is a complete answer to the request.

Mr. SIMMONS. Mr. President, will the Senator permit me to ask him a question of another character?

Mr. McCUMBER. Certainly.

Mr. SIMMONS. The Senator in his very clear and comprehensive financial statement informs the Senate and the country that on the 30th day of the coming next June we will be confronted with a deficit of something over \$2,000,000,000, as I understood him, and that on the 30th day of June, 1922, we will be confronted with a larger deficit.

Mr. McCUMBER. No; with a somewhat smaller deficit.

Mr. SIMMONS. Then, I misunderstood the Senator.

Mr. McCUMBER. I make this statement, of course, from the estimates furnished by the Secretary; I am not giving my own but the Secretary's estimates.

Mr. SIMMONS. That presents, of course, a very serious situation, and I want to inquire of the Senator, who is the acting chairman of the Finance Committee and who, I understand, has informally conferred with his colleagues in the majority, if he has himself individually or in conjunction with his associates on the committee in the majority considered the feasibility of utilizing a part of the indebtedness of foreign governments to us in liquidation of this enormous deficit?

Mr. McCUMBER. I have not—I do not know whether any other members have discussed that subject—because I have felt that it was impossible for any of the foreign governments

to pay their debt now. I understand that they are not even paying the interest on it—I am not certain as to that—

Mr. SIMMONS. I think that is true.

Mr. McCUMBER. And, of course, if they are not paying the interest, we can hardly ask them to pay the principal in liquidation.

Mr. SIMMONS. That is undoubtedly true, Mr. President. But is it not also true that it is possible to get this indebtedness, or at least a large part of this indebtedness, reduced to a form which we might use as security for the purpose of raising the necessary money?

Mr. McCUMBER. We have got the obligations of the governments now, and I know of no form of an obligation that is better than a Government bond.

Mr. SIMMONS. We have not got Government bonds.

Mr. McCUMBER. Whether we have Government bonds or Government agreements, we have the strongest known obligation.

Mr. SIMMONS. The Senator is mistaken about that; that is the trouble; I do not think we have any Government bonds.

Mr. SMOOT. We have the I. O. U's of the foreign governments; that is all.

Mr. SIMMONS. We have their I. O. U's, and that is all.

Mr. GLASS. We have their demand obligations, which can not now be paid, but negotiations are pending for putting those obligations into the form of long-time obligations.

Mr. McCUMBER. Those obligations bear interest the same as our own securities, and that is why I spoke of them, not really as bonds, but as Government obligations that are just as safe as though they were Government bonds.

Mr. SIMMONS. I am not at all clear in my mind that any use can be made of these securities when they are put in proper form to help us out of the distressing condition in which the Treasury finds itself; but I wanted to suggest to the Senator from North Dakota, the acting chairman of the Finance Committee, that the matter ought to be very seriously considered. It is possible, it may be probable, that we might reduce the bonds of certain of these Governments, like those of Great Britain, to a form in which we might use them at some time during the period between now and the 30th of June so as to help us liquidate this deficiency.

Mr. McCUMBER. I am in favor of having an early meeting of the committee and inviting the Secretary of the Treasury to be present, and seeing what we can do along that line.

Mr. SMOOT. Mr. President, I have taken the position, of course, that as long as the Governments owing us money can not pay the interest on their obligations, the Governments can not pay the obligations themselves.

Mr. SIMMONS. Of course not.

Mr. SMOOT. I have also taken the position that the individuals of these different countries are in no state whatever to purchase the obligations, and in fact I doubt whether we can sell them at all to any foreign country.

Mr. SIMMONS. Mr. President, may I ask the Senator a question?

Mr. SMOOT. Yes.

Mr. SIMMONS. If we could not sell the obligations to foreign countries, could we not sell them to our own people?

Mr. SMOOT. I was just coming to that. I was about to say that therefore if we put them in a position whereby they could be sold in small quantities, the only purchasers would be American investors. I have my doubts as to whether that would assist the Government very materially. Whatever money was used for the purchase of these foreign obligations by American investors of course would be diverted from the investment of the same funds in some other way, and it may be that it would be of very little assistance in the situation as it exists to-day.

The Senator referred to the fact that they could use them as security for the issuing of more Federal bank notes. That is true, Mr. President. I think Congress could authorize that, and that we could issue more Federal bank notes upon this indebtedness of foreign countries; but we have lots of security already in this country that we could use as collateral for that purpose if we want to increase that kind of money.

Mr. KING. We are expanding our credit too much now.

Mr. SMOOT. In other words, as I said before, I never shy at the word "inflation." I knew that that is what we would have to come to, and that is where we were, and that is where we are; and the only question would be, if we issued further Federal notes upon this security it would be an expansion of the currency of the United States and would be further inflation. That is the way I look at it.

FINANCING OF AGRICULTURAL OPERATIONS.

Mr. GRONNA. I ask unanimous consent that Senate joint resolution 212 be taken up for consideration by the Senate.

Mr. SMOOT. Before that is done I desire to suggest the absence of a quorum, because there are some Senators who want to be present when the joint resolution is taken up.

The VICE PRESIDENT. The Secretary will call the roll.

The roll was called, and the following Senators answered to their names:

Ashurst	Glass	Lodge	Smith, Ariz.
Ball	Gronna	McCumber	Smith, Ga.
Beckham	Hale	McKellar	Smith, Md.
Borah	Harris	McLean	Smith, S. C.
Brandegsee	Harrison	McNary	Smoot
Calder	Heflin	Nelson	Spencer
Capper	Henderson	New	Sterling
Chamberlain	Hitchcock	Norris	Sutherland
Colt	Johnson, Calif.	Nugent	Swanson
Curtis	Kellogg	Overman	Thomas
Dial	Kendrick	Phipps	Townsend
Dillingham	Kenyon	Poin Dexter	Trammell
Fernald	King	Pomerene	Underwood
Fletcher	Kirby	Ransdell	Walsh, Mont.
France	Knox	Sheppard	Warren
Gay	La Follette	Simmons	

Mr. HARRISON. I wish to state that my colleague [Mr. WILLIAMS] is necessarily absent; also that the Senator from South Dakota [Mr. JOHNSON] is absent owing to illness.

The VICE PRESIDENT. Sixty-three Senators have answered to the roll call. There is a quorum present.

Mr. GRONNA. I renew my request for unanimous consent that Senate joint resolution 212 be laid before the Senate and proceeded with.

The VICE PRESIDENT. Is there objection?

Mr. THOMAS. Mr. President, I have no objection to taking up this joint resolution at the present time; but I received a copy of the hearings only this morning. So far as I have been able to read them they seem to me to be of great importance. I expect to say something upon this measure, but in view of the bulky nature of the hearings I do not think I shall be able to read them to-day. Upon the understanding that if I am not ready this afternoon the matter will go over until to-morrow, I have no objection.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution (S. J. Res. 212) directing the War Finance Corporation and the Federal Reserve Board to take certain action for the relief of the present depression in the agricultural sections of the country, which was read, as follows:

Whereas there exists in the agricultural sections of the country unprecedented and unparalleled distress on account of the inability of the farmers to dispose of the corn, wheat, cotton, live stock, and other commodities now in marketable condition at prices that will pay the cost of production; and

Whereas the people of Europe are in dire need of the agricultural products now in possession of the farmers of this country, but are unable to purchase on account of existing financial conditions; and

Whereas, under an act of Congress, there was established the War Finance Corporation for the purpose of financing the exportation of American products to foreign markets; and

Whereas the activities of the War Finance Corporation were suspended in May, 1920, by an order of the Secretary of the Treasury; and

Whereas the banks of the country are unable to extend credit to the farmer in order that the farm products may be held until they can be sold in a fair and reasonable market: Therefore be it

Resolved, etc., That the Secretary of the Treasury and the members of the War Finance Corporation are hereby directed to revive the activities of the War Finance Corporation, and that said corporation be at once rehabilitated with the view of assisting in the financing of the exportation of agricultural products to foreign markets.

SEC. 2. That the Federal Reserve Board is hereby directed to take such action as may be necessary to permit the member banks of the Federal Reserve System, in accordance with law and consistent with sound banking, to grant liberal extensions of credit to the farmers of the country upon the security of the agricultural products now held by them, by permitting the rediscounting of such notes of extension at the lowest possible rate of interest.

Mr. DIAL. Mr. President, certainly the time has come when we must do something to relieve the agricultural situation in this country. I am just as far from being in favor of paternalism as any man in the United States. I do not think that it is for the best interests of this country for our people to come to depend upon the Government for help in normal times. It is a bad precedent. But, Mr. President, these are abnormal times, and we are living under abnormal conditions; and I felt many, many months ago that it was the duty of this Government to restore the War Finance Corporation.

It is not very good taste, Mr. President, to say "I told you so"; but when Congress adjourned in June I thought I could see financial trouble ahead, certainly a great deal of it for my section of the country. I therefore remained here and took up with the Secretary of the Treasury the question of the War Finance Corporation resuming operations. At that time the South had something like 3,000,000 bales of cotton which

we carried over last season. A great deal of that cotton was off grade, and there was no market for it. During the war the Government had its goods made out of the best grade of cotton, and some of the best customers for that grade of cotton have been out of the market for many years. Then, with the new crop coming on, I thought I could see where we would have a great deal of trouble in getting rid of what we had on hand. Therefore I thought it was very important to restore relations with the different countries of the world which used our cotton, and get it out of this country as fast as possible.

The Secretary of the Treasury did not think that was necessary. At that time prices were reasonably good. But they commenced to decline at once, and kept on declining. I came back to Washington in August and took the matter up again with the Secretary of the Treasury, and he was still of the same opinion. At that time I conferred with all of the Senators who were here whom I could find, and the Senator from Florida [Mr. FLETCHER], the Senator from North Carolina [Mr. SIMMONS], and I wrote a letter to the President, which I desire to include in my remarks.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter referred to is as follows:

AUGUST 16, 1920.

The PRESIDENT.
The White House.

MY DEAR MR. PRESIDENT: We desire to call your attention to the condition of the farmers in this country and ask your help. For various reasons the growing crop has been and will be a very expensive one. Labor was scarce and high, fertilizers were high, and everything that goes into the making of a crop seems to be at excessive figures. Owing to the congested condition of the railroads, the money situation, and the state of exchange, a great deal of the last crop has not been disposed of. Some time ago the War Finance Corporation ceased to take on new business. We now desire to ask you to authorize this corporation to resume active operations. We are not desiring the Government to engage in business which the citizens should carry on. In ordinary times and under usual conditions we would not make the above request. A few months ago some of us mentioned the matter to the Secretary of the Treasury, but at that time he did not see the necessity of taking on new business. We called at his office the other day, as we desired to present the matter to him again, since conditions had greatly changed within the last 60 days. Within this time wheat has declined something like 60 cents per bushel, oats and corn in proportion, and cotton about 8 cents a pound. In fact, all agricultural products are moving slowly, and this in the face of the harvest rapidly approaching.

During the war the Government ordered its supplies of cotton goods made out of the higher grades; furthermore, of course, Germany and Austria, and even other countries, could not receive their usual amounts of American cotton. Therefore there is a great quantity of off-grades staple in the South, for which there is practically no market. For example, low middling cotton is quoted at 10 cents a pound, or \$50 a bale, under middling. The next grade is nearly \$100 a bale under middling. At present it seems that the growing crop will be a very large one and perhaps prices will continue to decline.

During the war the agricultural interests of this country did all they could to buy bonds and otherwise support the Government in every financial way, with the expectation that the Government would continue to aid them to market their crops to the best advantage until world conditions should become settled and normal. If it would require a bond issue to accomplish this we certainly would not make the request. The loans desired are temporary and would soon be repaid. We are informed that there are about 153,000,000 spindles in the world and that a large majority of these are idle.

We understand that various European countries are exceedingly anxious to purchase our cotton and other agricultural products, but that it is essential that they shall receive some indulgence. The manufacturing interests of Czechoslovakia have been particularly called to our attention, as they desire to buy directly from our exporters, on credits indorsed by their banks and guaranteed by their Government, and further agree to hold the product in trust for payment of the purchase money.

We are strongly of the opinion that the War Finance Corporation should resume operations, at least so far as agricultural products are concerned.

The corporation while operating did considerable business and more was being rapidly offered. Czechoslovakia especially was a very promising customer. We have been urged by our constituents, and also by friends of some of the Central European countries, to present the urgency of this matter strongly to the President.

To our certain knowledge a great number of farmers purchased bonds and they borrowed money from the banks to carry these, expecting to pay for them when they disposed of their cotton. You are doubtless aware, Mr. President, that the farmers lose annually millions of dollars because they have not had the opportunity of learning in its modern phases the complex art of marketing to the best advantage. By enabling foreign countries to purchase our surplus supplies our warehouses will be relieved so that they will be prepared to handle the next crop, and customers will be enabled to pay their obligations to the banks, thereby taking up their bonds, keeping these securities off the market, and preventing them from being sacrificed. By this course every interest in this country and abroad would be benefited. Supplies will be placed where they are needed and many idle people of the world will be enabled in part at least, to pay their obligations. By giving people employment the spread of unrest and bolshevism will be checked. We have been recently impressed more than ever with the fact that it takes both time and credit to restore a war-stricken world.

We know of no grander work than aiding farmers to make their employment successful. If some relief is not granted, many of them will face bankruptcy. Just the knowledge that other markets have been opened to their products will greatly stabilize conditions. We respectfully urge your immediate consideration of this suggestion and believe that if you will authorize the measure proposed great good will immediately follow.

Respectfully,

F. M. SIMMONS,
DUNCAN U. FLETCHER,
N. B. DIAL.

Mr. DIAL. Commodities still continued to decline, and the American Cotton Association had a meeting here and appointed a committee to see the Secretary of the Treasury. I was on that committee, and I again had a conference with him, and he still adhered to the same opinion.

Mr. President, as I said before, I do not believe that it is the right thing for citizens of this country to appeal to the Government for help in case they can help themselves or in ordinary times. But I felt that we were justified in coming to the Government and asking relief, for the reason that during the war all good people of this country bought all the bonds they could possibly carry, and they expected help from the banks. I know in my section of the country they subscribed very largely, and they had the cotton on hand, and they expected the Government to let the War Finance Corporation function until they got rid of that commodity and until we would be able to turn that commodity into cash and pay our debts.

We had great quantities of cotton in the warehouses and were paying storage on it; the banks were carrying paper, and the Government bonds were in the banks. If we could have found a market where we could have sold our cotton, we would have paid the debts to the banks, and the Government bonds would have been taken out, thereby stabilizing the price of these Government securities.

If a bond issue had been necessary to do that, I would have said no. But all we need is just a little banking capital, in transit, as it were. It would be but a few months after we started to export the cotton until it would be made into goods and the goods turned into cash. So I felt that the people of this country had a right to expect the Government to let the War Finance Corporation continue to function, because it was established to meet just such an emergency as arose this summer.

Mr. President, being unable to persuade the Secretary of the Treasury to change his mind, on October 26 I wrote the President another letter, which I desire to include in my remarks.

The VICE PRESIDENT. Without objection, it will be so ordered.

The letter referred to is as follows:

OCTOBER 26, 1920.

The PRESIDENT.
The White House.

MY DEAR MR. PRESIDENT: I feel it my duty to again call your attention to the condition of the agricultural interests of this country and ask you to restore the War Finance Corporation.

While we all were prepared to expect some reductions in prices, yet they have gone far below anything dreamed of, and our people are losing millions of dollars daily, while other countries are buying our products at bargain-counter prices.

The War Finance Corporation is the only Government agency that can help immediately, and the good people of this country have a right to expect this to be done.

I discussed this matter with Secretary Houston at length on three different occasions, and I must say that he does not comprehend in the least the situation, or he does not desire to assist the American producer, and I feel that it is absolutely useless for anyone to confer with him further on the subject. I am satisfied beyond question that he is making more Republican votes than Senators HARDING and LODGE put together. In fact, I look upon the situation as desperate and appalling. The Republicans charge us with not letting the country be prosperous even when it is in our power to do so.

I have conferred with pretty much all the leaders of our party here, amongst them Senators UNDERWOOD, HITCHCOCK, SIMMONS, ROBINSON, FLETCHER, and others, together with a number of Cabinet officers, and I have not yet found a single man who does not agree that the War Finance Corporation should resume operations at once.

The people of this country almost unanimously would approve and applaud your action in granting the above request.

Yours, truly,

N. B. DIAL.

Mr. DIAL. Now, we find that all agricultural products have declined greatly. Cotton has gone down from 43.5 cents to something like 15 cents a pound. We have heard the discussion of the wool market here to-day. We know wheat has declined from \$3 a bushel to something like \$1.50 a bushel, and corn from \$2.30 down to something like 40 cents a bushel. So I feel, Mr. President, that it is not open to debate any longer, but that we should act, and act quickly, because the whole country is becoming embarrassed, not only the producers, but the banks and everyone else, and whatever relief we have to offer we should immediately put into operation.

Mr. President, I gave out a short interview some time ago which I desire to include in my remarks. It was along this line, that if the banks of this country would join the Federal Reserve Banking Association they would thereby strengthen the association and aid themselves to borrow money and carry the commodities until they could get a better price for them.

The VICE PRESIDENT. Without objection, the matter may be printed.

The matter referred to is as follows:

NOVEMBER 12, 1920.

Senator DIAL was to-day interviewed and asked whether or not he had any further information or suggestion that would benefit the people of the South in marketing their cotton. He replied that he had had

correspondence and conferences with representatives of practically every country in the world which manufactures cotton, and he was sorry to say that the universal cry was "no money." He sent names of various of these parties to exporters in the South and to the new export companies which are forming for their consideration.

The Senator said it is no longer a question of debate; the time is upon us when we will have to revolutionize our method of marketing; that heretofore Europe had money to buy cotton and New York was also flushed with funds with which to aid in exporting; that conditions have changed; that European countries were without funds and that New York people could use theirs at a greater profit elsewhere than in the South, and the South would have to find a market and help finance the exporting of its cotton; that he was informed spinners in some of the countries could give satisfactory paper, but this is a matter which will have to be decided as each case presents itself.

He said that he had noticed with pleasure and delight the progress that is being made in forming at least three export and kindred export companies in the South; that he hoped the entire capital of these companies would be subscribed without delay.

He stated that in order to do business cash was desirable, but the next best thing was credit, and this could be obtained in the following manner:

There are in South Carolina 82 national banks, with total resources of \$139,971,000; there are 379 State banks, with total resources of \$203,155,000; that only 16 of these State banks, with total resources of \$17,061,000, were members of the Federal Reserve System; that State banks which are not members of the Federal Reserve System did not have privilege of rediscounting their paper with said system; hence there were in South Carolina 363 State banks, with resources of \$186,094,000, who were not entitled to the privilege of the Federal Reserve System, against 98 national banks and State banks, with resources of \$146,123,000, whose paper was eligible for rediscount.

Therefore, the way for us to help ourselves was for all of these State banks to become national banks, or at least join the Federal Reserve Banking Association, in which event the borrowing capacity would more than double the amount that at present is allowed banks in South Carolina. If this should be done in South Carolina and a similar procedure adopted all over the South, the question of marketing cotton gradually would in a measure be solved.

The Senator said he hoped at an early date to see all banks take this course, and by so doing it would not only strengthen the Federal Reserve Banking Association but would greatly increase their own usefulness and aid their customers in innumerable ways.

Mr. DIAL. For instance, in South Carolina there are only 82 national banks, whereas there are 379 State banks, and only 16 of the State banks are members of the Federal Reserve Banking Association. Not half the banking capital of our State is represented in the membership of the banking association. So if they would convert themselves into national banks, they would be in position to have their paper rediscounted at all times.

We have heard here to-day about the banks in North Dakota failing. I am sorry for anybody who fails. It is a very dangerous proposition when banks begin to fail. But I am informed that only one of those banks was a national bank. I want to appeal to the banks of this country to support the Federal Reserve Banking Association. I am a great friend of that institution, and had it not been for it this whole country would have been in bankruptcy; possibly we could not have won the war. I was surprised to learn a short time ago that there were more banks in the South, in our district, in the fifth district, not members than in any other section of the country, and down there we need credit.

So the time has come, Mr. President, when the people of this country must help themselves. While I believe it is right that the Government should restore the War Finance Corporation, yet I do not believe in letting them operate very long, only until conditions become normal. We should turn our attention to helping ourselves, and I am glad that in the South we are going to do that. We are forming down there now an American Export & Import Co., with a capital of several million dollars, with headquarters in South Carolina, under the most competent management, and we are preparing to ship our goods to where they are needed.

We are also forming a bank, under the Edge bill, with something like \$5,000,000 capital, with a proposed capital of \$10,000,000. That is going to aid very much. We are also forming other export companies.

We will have to learn to help ourselves, Mr. President, and one way we can do it is by forming these export companies. I am glad that there is a meeting in Chicago to-day where they proposed to form a hundred-million-dollar concern.

Mr. SIMMONS. Mr. President—

The VICE PRESIDENT. Does the Senator yield to the Senator from North Carolina?

Mr. DIAL. I yield.

Mr. SIMMONS. I want to ask the Senator if he believes those export corporations to which he is referring can properly function unless this War Finance Corporation is reinstated and enabled to furnish them the necessary funds?

Mr. DIAL. Not fully and successfully. I feel it would help some, but I feel that they are the kind of an institution which would get help from the War Finance Corporation.

There is some misapprehension about our extending credit to European countries.

Mr. SIMMONS. But the question I desired to ask the Senator was whether he thought it was feasible for them to function so as to accomplish the purpose and object of their corporation without some means of raising money through these banks.

Mr. DIAL. Not fully. They could help only in a small degree, but they would help much more if we would restore the War Finance Corporation. Then we could get somewhat adequate results.

I was going to say that there was some misapprehension about our desiring to lend money to these foreign countries. Probably we have already loaned those countries enough money. But the proposition in connection with the restoration of the War Finance Corporation is not to lend money to those countries, but to lend money to our exporters, and they will stand between the Government and danger. We do not need so much money, to my mind, as we need some guarantee company, or something like that, which will stand between the individual producer and the mills of the world.

I do not know that it is possible for the Government to go into guaranteeing, but if the farmers of the South knew where to sell their cotton, if they knew that the debt would be eventually paid, they would have no objection to crediting the purchaser, and through the War Finance Corporation we can lend a small amount to the exporters, and that would help carry the debt along. What we need is to put that cotton into the hands of people so that they can go to work. We have the commodity and it is doing us no good. It is almost a liability; we are paying storage on it; we are paying interest on the money. The Government has the assets, the Government has the ships, and the ships are becoming idle, and we want to put those ships to use. In Europe they have the mills, and a great many of the mills are intact; they were not destroyed during the war. They have the labor, and the demand is there for the goods, and I feel that we ought to put the people of this country and of the world back to work. There ought to be more work. That is the foundation of money, and that is the way to put people on their feet. If not put to work, they will be here again and forever asking for help.

We see now all about over the world that the idle are walking the streets; they are not producing and making a living for themselves; and if they do not do that, then they will be here with their hats in their hands asking us to support them. I feel we should take a lesson to ourselves now and try to encourage every man in the world to go to work.

Here is a commodity doing nobody any good, and the demand of the world is for it, and if those people put their labor into the product the manufactured product would be worth much more than the raw material, and thereby they would create wealth.

Mr. President, I believe that we ought not to hesitate a day to pass the resolution to restore the War Finance Corporation. It is not only for the help it would do the country by the actual money assistance; but, as the Senator from North Carolina [Mr. SIMMONS] says, it will enable these other corporations to function, and the psychological effect of it will be wonderful. The world will say then that these commodities have gone low enough and we must begin to lay in our supply. The mills of this country and the people who use these commodities will say, "They have gone low enough and we must begin to purchase." Then we will turn these declining prices upward.

The people in my country are becoming bankrupt almost daily. It is a sad state of affairs.

I do not believe in finding fault unless we have a remedy to suggest, and I feel that the first remedy we have to suggest is to aid the people of the world to go to work. I feel that the results of this war possibly are good in some respects, but I feel we have acquired a good many false notions as a result of the war. We have the idea of helping every man, and we have a good deal of this flubdub stuff of short hours and do nothing and support the other fellow or let him come to the Government and get support if he can not get it anywhere else.

When we provide the people of the world with implements and work they will work out their own salvation. I believe one of the highest callings in life is to aid a man to help himself. If we do not, but go on and dole out a little money, it would be like the story of the Irishman, who said, "Faith, I don't believe it is fair for some people to have so much and some so little. I think we should have a divide."

And he was asked, "Pat, what difference would it make to you if you had some money? You would get drunk and spend it. What would you do then?"

He said, "Faith, I would want to divide again."

So that is the result of giving people something. The idea is to put these people to work and let them have the raw commodity with which to work.

Another way we can help ourselves besides organizing these export companies—and certainly the time has come when we down South should organize more of them—we should organize a strong export company, at least one in every State. Our banks would be glad to exchange farmers' notes for the notes of the export companies indorsed by the farmers. Therefore we would need very little cash money.

Another thing, Mr. President, Europe is in a very chaotic condition. We can not put Germany to work. Our good friend, France, stands there, and the reparation commission does not fix the amount of the indemnity, and the Germans are not ready to go to work. I have had some of them call on me to see about buying products. But they can not start real restoration of prosperity in that country until they know what the amount of the indemnity will be. I feel kindly to France, but I believe we did everything in the world France could expect, and there is no use for France to sit here now and keep the world in its present condition by not going on and fixing the amount of the indemnity, so that Germany can go to work in earnest and help pay it.

It occurs to me that France is trying to do the impossible; that she wants Germany to pay her debts and at the same time she is not willing for Germany to get the raw materials with which to work.

Another thing, Mr. President, I understand that Russia is in the market for a large amount of raw products. They want something like 500,000 bales of cotton, and they have the means to pay for it. Yet our country is not dealing with Russia. We are waiting on account of some indefinite notice that France gave about some of the funds having been purloined, or something of that sort. But I noticed in the papers within the last day or two that England had perfected an arrangement whereby she will trade with Russia. So I think these cobwebs ought to be knocked out of the way so that we can get into trade with the whole world without caring anything about whether we recognize the Governments or not.

I think the time has come when the people of the world ought to have what they need to go to work with. I heard the Senator from North Dakota [Mr. McCUMBER] say to-day that in the next two and one-half years there will be something like \$250,000,000 of Government obligations maturing. The time has come when we should help our people get back on their feet so they can begin to prosper. If we throttle enterprise and kill industry, after a while there will be nobody left in this country to pay taxes. The amount that we have maturing here shows that we ought to go to work and enable our people to convert their useless commodities into cash and help the country become prosperous again as it should be, so I hope that we will restore the War Finance Corporation at once.

I want to say that I do not much believe in the second section of the resolution. I think that is indefinite and possibly weakens the proposition. I am not particular myself whether that is adopted or not. I rather believe it would add strength to leave it out.

I have great faith in the Federal Reserve bank system and no doubt it will extend credit all it can, but I want to say that the Federal Reserve Board does not lend a dollar. That is a matter for the regional bank to attend to. The people at home have gotten a little hysterical and have gotten stampeded a little bit. Sometime ago there was a gentleman from one of my neighboring States here before one of the committees, the president of a bank, very much excited, and I asked how much his bank owed and how much it had borrowed. I am the president of a bank myself and I know a little bit about borrowing. He said he had not borrowed any except a little bit on Government bonds. I told him he was not needed in Washington, that his place was back in his own State lending the farmers money and helping to carry their cotton a while. I said, "Go on and send your paper in to the bank. There is no use to worry about these people here. They do not pass on the paper. That is done by your regional bank."

If the banks of the country would be careful and take the right kind of paper, the paper that is prescribed by law, and send it in to their home bank, there is no question about it being rediscounted. I never had any trouble. The people in my community do not have any trouble with the right kind of paper.

Pretty much everyone except the retailer has taken his losses and is ready to go to work in earnest. The retailers, I hope, will soon see their way clear to mark off their losses and meet conditions as they exist.

So I feel that things are very blue, but they could be worse, and our own salvation is in our own hands. It is the duty of the people of this country to turn their attention to production. I feel that in the meantime it is nothing but right that the Government should help them temporarily until they can

get on their feet again by disposing of their surplus commodities. We almost had a contract with the Government to expect that much. We bought securities believing that they would allow the War Finance Corporation to continue to function. I hope the resolution will pass to-day.

During the delivery of Mr. DIAL's speech,

The VICE PRESIDENT. The morning hour having expired, the Chair lays before the Senate the unfinished business, which will be stated.

The READING CLERK. A bill (S. 3944) to create a Federal live stock commission, to define its powers and duties, and to stimulate the production, sale, and distribution of live stock and live-stock products, and for other purposes.

Mr. GRONNA. I ask unanimous consent that the unfinished business be laid aside.

Mr. KENYON. Temporarily.

Mr. GRONNA. That it be temporarily laid aside.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. GRONNA. I ask that the Senate proceed with the consideration of Senate joint resolution 212.

The VICE PRESIDENT. Is there objection? The Chair hears none. The Senator from South Carolina will proceed.

After the conclusion of Mr. DIAL's speech,

Mr. SMITH of Georgia. Mr. President, the Committee on Agriculture and Forestry has unanimously recommended this resolution embodying, first, a definite direction that the duly constituted authorities resume the activities of the War Finance Corporation, and, second, a direction that the Federal Reserve Board take such steps as are necessary to permit the rediscount of farm paper on as liberal terms and at as low rates of interest as are consistent with sound banking. The second section is not really directory; it is suggestive of the opinion of the committee that further relief would be proper; but the first section is mandatory. It directs the officials in charge to operate the War Finance Corporation.

The original War Finance Corporation act created that corporation while the war was going on. The corporation was created with limited authority. It could only help finance enterprises or individuals engaged in producing for the Government war supplies or banks that were financing such institutions. That part of the act has ceased to be effective because we are having no war supplies made, now that the war is over.

About the 1st of March, 1919, we amended that act and gave new powers and duties to the War Finance Corporation. We charged it with the duty of helping extend our exports after the war was over, and we provided for the continuation of this work by the War Finance Corporation for 12 months after the proclamation of peace.

We provided that the War Finance Corporation could issue and make loans up to a billion dollars, limited, however, to helping carry credits necessary for exports, either directly aiding the exporters or the banks who were aiding exporters. The War Finance Corporation rendered a great service during the war. It did it at an expense of \$388,000 and at a net profit of \$26,000,000.

Mr. THOMAS. The Senator means at an expense of \$388,000,000, does he not?

Mr. SMITH of Georgia. No; an expense of \$388,000, with a net profit of \$26,000,000.

It aided a number of enterprises, it helped to finance banks that were financing enterprises, and it gave courage to industries on account of the fact that here was this powerful institution, the entire stock of which was owned by the Government, with an ability to raise \$3,000,000,000, authorized to help carry these industries with loans longer than the banks would carry, authorized to aid the banks in carrying their own loans to these individuals, taking a place that the banks properly could not take.

Now, Mr. President, the thought in the spring of 1919 was that this institution could perform another great service for our country. It required but little vision to realize that many of our former markets would be practically closed even after the war was over, on account of the fact that the industries in those markets would be unable to finance the purchase of raw materials and other supplies in the way that they were financed prior to the war. The war, of course, stopped many trade routes, but the increased demand upon industry during the war temporarily occupied all industries, all plants, and all labor, even beyond the demand placed upon them in the prewar period. But with the close of the war, and with the cessation of these war demands for supplies a collapse to a certain extent was inevitable. The vision contained in this legislation was that the War Finance Corporation could help stimulate a resto-

ration of currents of trade and a utilization of markets which, again opened with the close of the war, would not be in a position to handle the necessary purchases to restore at once normal trade.

Primarily the object was to serve our own people, to furnish markets for our raw material, to furnish markets for the products of the farm, the products of the mine, the products of the factory, going to people who, on account of conditions produced by the war, could only buy on long-time credits—credits that exporters would not be prepared to give; credits that banks would not be prepared to give. So Congress saw fit to continue the work of the Finance Corporation, and, according to the provisions now in section 21 of the act which was passed in the spring of 1919 as an amendment to the original act, the War Finance Corporation was authorized to make loans and to help finance to the amount of a billion dollars those directly engaged in exports or those financing others directly engaged in exports.

The new power given to the War Finance Corporation was limited to helping furnish the necessary credits to carry our exports. Sixty per cent of the copper produced in this country formerly was exported. A large part of it before the war went to middle Europe. Zinc was exported; iron ore was exported; agricultural implements were exported. Indeed, 12 months before the war about 80 per cent of our exports were included in agricultural implements, corn, wheat, wheat flour, breadstuffs, automobiles, copper, cotton, cotton cloth, electrical machinery, fruits, meats, and dairy products, iron and steel and manufactures thereof, mineral oils, vegetable oils, tobacco, wood and the manufactures thereof, leather and the manufactures thereof. The most varied lines of products were exported. The bulk of the raw material went to Europe. Our two chief customers, our two largest customers, were Great Britain, and Germany, Germany being just behind Great Britain.

Mr. KING. Is the Senator from Georgia now speaking of raw materials?

Mr. SMITH of Georgia. Yes; I am speaking of raw materials.

Mr. KING. Because Canada was and is a very large consumer of our manufactured products.

Mr. SMITH of Georgia. I said "raw materials."

Austria also was a very large customer for our raw materials. It was perfectly clear that the industries of central Europe would not be in a position to restore current trade routes from here to them by the consumption of the raw material which they used prior to the war, nor would their people be able to buy the foodstuffs, which in many instances they needed, except on long-time credits. It was a happy conception that the War Finance Corporation, which did such splendid service to help strengthen production of war supplies during the war, should continue after the war to restore trade routes, and reestablish markets cut off during the war.

Mr. THOMAS. Mr. President—

The PRESIDING OFFICER (Mr. FLETCHER in the chair). Does the Senator from Georgia yield to the Senator from Colorado?

Mr. SMITH of Georgia. I do.

Mr. THOMAS. If my memory serves me aright, the War Finance Corporation was created in the spring following the armistice.

Mr. SMITH of Georgia. The Senator is mistaken. The Finance Corporation was created in the early part of 1918.

Mr. McKELLAR. On April 5.

Mr. SMITH of Georgia. On April 5, 1918.

Mr. THOMAS. My authority for the statement is Mr. Eugene Meyer.

Mr. SMITH of Georgia. Mr. Meyer could not have made that statement. The Senator from Colorado will find that he is mistaken. Mr. Meyer said in March, 1919, the amendment was added to the act creating the War Finance Corporation authorizing it to aid in the export business.

Mr. THOMAS. I accept the Senator's statement.

Mr. SMITH of Georgia. I am sure Mr. Meyer could not have made the statement attributed to him by the Senator from Colorado.

Mr. THOMAS. I may have misread his statement.

Mr. SMITH of Georgia. Yes; or the printer may have made a typographical error.

Mr. KING. Mr. President, if the Senator will pardon me, I think the original act was approved on April 5, 1918.

Mr. SMITH of Georgia. Yes. The amendment was made in March, 1919.

Mr. KING. On March 3.

Mr. SMITH of Georgia. Yes. Even in that short time, during the war and just after the armistice, in those six months the War Finance Corporation handled \$750,000,000 of Liberty bonds and Victory notes, \$825,000,000 of Treasury certificates, and financed, or helped to finance, a large number of industries and banks that had reached a point where they needed help. It used practically no money from the Treasury. It now has credit upon the books of the Treasury for about \$375,000,000 that has never been drawn from the Treasury except to purchase Government obligations.

Mr. HITCHCOCK. Mr. President, I think this situation exists at the present time. I think the certificates have been surrendered and that the Treasury has used the money.

Mr. SMITH of Georgia. The Treasury used the money all the time as it saw fit. I said it was simply a bookkeeping credit.

Mr. HITCHCOCK. I think the testimony of the Secretary of the Treasury was that the affairs of the corporation were so far wound up that the certificates of deposit in the Treasury from the proceeds of its bond sales were surrendered, and that at the present time it has no credit in the Treasury.

Mr. SMITH of Georgia. I think the Senator is mistaken.

Mr. GRONNA. Mr. President, will the Senator from Georgia yield to me?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from North Dakota?

Mr. SMITH of Georgia. I yield.

Mr. GRONNA. I want to call the attention of the Senator from Nebraska [Mr. HITCHCOCK] to the third annual report of the War Finance Corporation, under date of November 30, 1920, which shows that there was a balance due from the Treasury of the United States on November 30, 1920, of \$374,313,493.89, practically the amount that the Senator from Georgia has stated.

Mr. SMITH of Georgia. I have taken my figures from the third annual report of the War Finance Corporation.

Mr. HITCHCOCK. If the Senator will permit, I was basing my statement in part on the testimony of Mr. Meyer, which I heard, which is found on page 21 of the hearing before the Agricultural Committee, as follows:

There is \$370,000,000 on deposit in the Treasury for the War Finance Corporation. I would not like to see that money used. The Secretary has used it already for general purposes. He canceled the War Finance Corporation's holdings of Treasury certificates. He used them to reduce the debt—which is not much of a way to reduce the debt.

Mr. SMITH of Georgia. The War Finance Corporation still has to its credit the amount of money in the Treasury, because there has been no action by the corporation officially winding up its affairs. It can not be wound up as yet, and it has not been wound up as yet, and no authority was vested in the Secretary of the Treasury to withdraw the balance in its favor.

Mr. McKELLAR. Mr. President, if the Senator will yield, I think the matter can be cleared up by what Secretary Houston says on page 44 of the recent hearing, as follows:

Senator NORRIS. Mr. Secretary, has the War Finance Board any money now?

Secretary HOUSTON. It or the Treasury would have to borrow.

Senator NORRIS. It has not anything?

Secretary HOUSTON. No; except a credit on the books of the Treasury.

Senator NORRIS. Did it have a surplus?

Secretary HOUSTON. There were certain amounts deposited in the Treasury.

Senator NORRIS. Then it has all been paid back?

Secretary HOUSTON. No; certain loans are outstanding.

Senator NORRIS. Do you know how much that has been?

Secretary HOUSTON. The amount deposited in the Treasury? No; I would have to look it up.

Senator NORRIS. Quite a large sum?

Secretary HOUSTON. That will be available very soon when the annual report is out, but I do not recall it offhand.

Mr. HEFLIN. Something over \$300,000,000?

Secretary HOUSTON. I think so.

Mr. THOMAS. Mr. President, if the Senator will permit me, Mr. Meyer, on page 21, says:

There is \$370,000,000 on deposit in the Treasury for the War Finance Corporation. I would not like to see that money used. The Secretary has used it already for general purposes. He canceled the War Finance Corporation's holdings of Treasury certificates. He used them to reduce the debt, which is not much of a way to reduce the debt.

I think that statement is reconcilable with that of the Secretary.

Mr. KING. Mr. President, will the Senator permit me to make an observation with a view to eliciting information?

Mr. SMITH of Georgia. I yield.

Mr. KING. I am anxious to get the Senator's views as to the modus operandi by which if this bill shall be passed money may be obtained for the purpose of financing American industries or exporters or manufacturers.

Mr. SMITH of Georgia. I will give that to the Senator in just a little while.

Mr. KING. Very well.

Mr. SMITH of Georgia. I have about reached that point, and I will do so now.

I do not think there is any difficulty about the War Finance Corporation getting all the money needed. It has the right to issue under the amendment a billion dollars of its own paper. There was no trouble in floating its own paper before. We have no idea of asking for any bond issue by the Government. It used little money from the Treasury during the war; in fact, it helped the Treasury more than it called on the Treasury to help it. Payment for its capital stock was largely a matter of bookkeeping. It raised the money with which it operated principally by the sale of its own notes, and that can be done again and done easily.

Mr. KING. Will the Senator permit a further interruption?

Mr. SMITH of Georgia. Yes.

Mr. KING. Does the Senator think that they would have been able to have negotiated their own notes if they had not, to use his expression, had the "potential force" of the Treasury of the United States behind them and an appropriation of \$1,000,000,000? The original bill called for \$500,000,000. Suppose there had been no appropriation at all and the corporation had merely been authorized—

Mr. SMITH of Georgia. Oh, I want \$500,000,000 back of them; I want them reinforced by the potential power of the Government. It is the use of that potential power that makes the activities of this corporation of value to the whole people of the country.

Mr. KING. Then, it means that the Government of the United States will guarantee a billion dollars, if the corporation shall issue that much of its paper or notes or bonds or whatever form the security may take. The Government of the United States is to guarantee the amount and the purchasers of the paper are to understand that the Government of the United States is back of the paper.

Mr. SMITH of Georgia. It does not mean that; it means this: The corporation has a capital stock of \$500,000,000; it has a surplus of \$26,000,000 as a result of its operations. It has, therefore, a capital of \$526,000,000. It will issue its notes backed by that capital, and its notes will be perfectly good because they will be backed by its capital, and its loans will also be based on good security given by borrowers. Its obligations will be from exporters who are sound, backing the advances by good securities, and the credit papers which it will hold will be those of banks which have advanced money to exporters. Just as it worked satisfactorily before the war, so can it now function without calling on the Treasury for a dollar.

Mr. GLASS. Mr. President, may I ask the Senator to explain what the Secretary of the Treasury meant by this testimony on December 3, found on page 44 of the hearings:

All the money it—

The War Finance Corporation—

has had, it received from the Treasury, earned, or borrowed.

Mr. SMITH of Georgia. Well, that is not true. My answer is that it sold or disposed of \$200,000 of its own paper, and it did not receive that from the Treasury.

Mr. SMITH of South Carolina. The Secretary said "earned or borrowed."

Mr. SMITH of Georgia. But he said "received from the Treasury," and the War Finance Corporation did not receive all it used from the Treasury.

Mr. HITCHCOCK. Mr. President, if the Senator will permit an interruption, I think the statement quoted still remains practically true. Originally, the United States Government subscribed \$500,000,000 to the capital stock of this corporation. That was Treasury money. On the faith of that money the corporation borrowed two or three hundred million dollars.

Mr. SMITH of Georgia. Oh, I never questioned that.

Mr. HITCHCOCK. So that the funds which they received were either Treasury money originally, or money borrowed upon the faith of Treasury money.

Mr. SMITH of Georgia. Borrowed upon its capital paid in.

Mr. HITCHCOCK. Yes; that is right.

Mr. SMITH of Georgia. I stated that emphatically, and I stated that I wanted to have its capital now back of it, furnished by the Government, to enable it to serve the people of this country.

Mr. KING. Mr. President, will the Senator yield?

Mr. SMITH of Georgia. I yield.

Mr. KING. I am asking for information, because I want to know just what the security is and who is to offer it.

I understand the last statement of the Senator to be that he wants the capital of the Finance Corporation back of the loans. That capital must be paid by the Government of the United States. It can not be a mere bookkeeping transaction. The Government must provide the capital. Now, I ask the Senator, Where is the five hundred millions or the one billion dollars that is to constitute the capital of this corporation to come from, unless the Treasury of the United States goes out now and borrows the money?

Mr. SMITH of Georgia. It will not have to borrow it.

Mr. GLASS. Mr. President—

Mr. SMITH of Georgia. I do not want to yield further just now. I want to go on now a little further. For the last half hour I have not been able to proceed with my discussion. I will yield in a moment.

Mr. GLASS. I beg the Senator's pardon for the interruption I made.

Mr. SMITH of Georgia. I beg pardon. Go ahead with the question. I have not yet answered the last question, however.

Mr. GLASS. It simply occurred to me, in connection with the inquiry made by the Senator, that I should like to present what the Secretary of the Treasury said in his examination on December 3 as to the process.

Mr. SMITH of Georgia. I beg pardon, if that is what the Senator wishes to present. If it is a question he wants to ask me, all right. I am familiar with what the Secretary said, and that may be used at any time by anyone who wishes to discuss it.

Mr. GLASS. Very well.

Mr. SMITH of Georgia. The original corporation had a capital subscribed by the Government of \$500,000,000. It used only a small portion of the money. The money principally remained in the Treasury, nearly all of it, and was used to meet Government expenses. The money was not laid aside in a pile and taken away from the other funds of the Treasury. It had a bookkeeping credit, and so it will now have its bookkeeping credit with the Treasury and will not, I believe, call on the Treasury for funds, and there will not be a bond sold to raise money to put in the Treasury to carry the corporation. It will have that liability of the Government back of it to help give it a credit and a standing, just as it had before. It has, in addition to that, the \$26,000,000 of profit that it has already made in its business.

It is lending the Government credit to the War Finance Corporation to help take care of a responsibility and of an interest involving the people of the entire country, which, by reason of the war we have gone through, can not be handled in the ordinary way, can not be met by ordinary banking. And just as this corporation, with its reserve strength and reserve power to aid industries and banks, was an inspiration to give them courage, to enable them to act with force and power, so it was contemplated that the War Finance Corporation, with the privilege of extending loans to the amount of \$1,000,000,000 to help carry the credits necessary for the export of our trade, would give courage, confidence, and backing both to banks, to exporters, and to those aiding in financing exports. The psychological effect alone of the War Finance Corporation resuming work will be most helpful.

In the short time after the passage of the act of March, 1919, the War Finance Corporation made substantial contributions toward financing our exports, and at the time of its suspension it had applications to aid in financing a hundred millions of exports. In March or April of this year, just before the Secretary suspended the operations of the War Finance Corporation, our exports exceeded our imports by \$300,000,000. In August of this year they fell to \$60,000,000, a lower figure than at any time since October, 1914.

Is there a condition in our country which calls for a broader market for the products of the toil of our people? A story has been presented to the Committee on Agriculture and Forestry which shows that the need of these broader markets is not sectional. It is nation-wide, and it goes further. It shows that the loss of markets for the sale of commodities, largely those taken from the soil, either by the farmer or by the miner, has paralyzed the purchasing power of the people of those sections, and, paralyzing the purchasing power of a large part of our domestic purchasers, the condition reaches on to the manufacturers in the East and the manufacturers in the middle section of our country, and they are closing down and discharging their employees from the loss of their domestic market, which has been lost largely by the loss of our foreign market.

If we can do something to broaden our exports, we shall not only aid in relieving immediately the condition of the agricultural and mining sections, the products from which are moved,

but we shall aid in restoring among them the markets that have consumed so much of our domestic production in manufactures. Let me illustrate by cotton how it works.

The export market for cotton is largely reduced. The purchasing power of the people of the cotton-growing States is largely removed. They have practically no market for the sale of cotton. Business almost ceases in this section, comprising one-fourth of our entire country, and the buying power of that section stops. The manufacturers of the East and of the Middle States lose their customers, and as they lose their customers and suspend operations again the cotton producer loses his customers even at home; and so it works in a circle. On the other hand, broaden the market of export, aid in bringing back the demand so far as it can be done of middle Europe and southern Europe, and you again create purchasing power in that section of the country which produces cotton, and that purchasing power will reach out into the Eastern and Middle States to furnish markets and give employment to the men in their factories and their mills.

Take copper: The same situation exists, as we have been advised before the committee, and the same thing is true of many other lines of production.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Ohio?

Mr. SMITH of Georgia. I do.

Mr. POMERENE. What the Senator says with regard to agricultural products applies with equal force to manufactured products.

Mr. SMITH of Georgia. Yes.

Mr. POMERENE. To illustrate, in the city of Akron, which is the center of the rubber industry of the world, they have their warehouses filled with tires and other rubber products which at the present time they are not able to market at all. All manufactured products are on the same footing with others.

Mr. SMITH of Georgia. Our export of the manufactured product has ceased, and the entire market in one-fourth of the country has been cut off from them by the failure of markets for the sale of cotton. You can not sell an automobile in that section. You can not sell anything. You furnish a means to export from Memphis, Tenn., 500,000 bales of the very low-grade cotton that is found there, which is not used by American manufacturers, which can be used in Germany, in Austria, and Czechoslovakia. Their mills use the very short staple. You put the exporters in the position where they can help finance such sales and at once there will be a restoration of the purchasing power. You have had cut off, first by the war and now by the lack of ability to finance except on long-time credits, a great part of the markets of the United States. It is believed, indeed it was apparent, that the War Finance Corporation, more than any other institution, could help restore these exports. I believe thoroughly in the export corporations being organized under the Edge Act.

I believe in all possible help by the bankers. But back of them all it was the purpose of Congress in March, 1919, to have for 12 months after the proclamation of peace the War Finance Corporation, with \$500,000,000 from the Government, with the power to handle credits to the amount of a billion dollars, to aid and stimulate private enterprise and private banking; not to compete with it, but to let it be known, "Do your best and here in a way your Government is behind you; your Government has created an organization to help back your exports. Your Government recognizes the fact that conditions abnormal still remain as the result of the war, and your Government proposes, as it did during the war, for 12 months after the war to aid in the restoration of trade currents and bring back to you your markets which otherwise you can not reach."

Mr. HITCHCOCK. Mr. President, I should like to ask the Senator if he has the figures showing the amount of foreign exports that have been financed by the corporation during the period of its operation, the first 18 months?

Mr. SMITH of Georgia. The amount was not very great, because only a short time before its operation was suspended were the calls made on it. It had pending before it applications for a hundred millions which it was ready to extend at the time the Secretary of the Treasury suspended it. I can give you a number that it did aid.

Mr. HITCHCOCK. I have just found them in the Secretary's report, and am very much surprised to find how little it did during the period of its operations, very little for cotton, very little for agricultural products, mostly for manufactured goods for very large concerns.

Mr. HARRISON. If the Senator from Georgia will look on page 22, he will find just what Mr. Meyer testified on that point.

Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Nebraska?

Mr. SMITH of Georgia. Yes.

Mr. NORRIS. The reason why there were not many agricultural products exported under their operations, and so many manufactured products, is I think very clearly stated in the hearings by Mr. Meyer. Briefly stated, it took quite a while to organize to handle agricultural products, because there were no existing organizations. In the case of manufactured products that was different, to a very great extent. I believe they did, however, assist in financing the export of about \$11,000,000 worth of wheat to Belgium; eleven and a half million, the Senator from Oregon [Mr. McNARY] says to me. Mr. Meyer said at the time they were suspended they had a lot of organizations ready by which they expected to be of great assistance in the exportation of agricultural products, but it took some time to get the organizations ready.

Mr. HITCHCOCK. Mr. President, I recall that testimony, and I assumed that it was due to the fact that the time was short. But here was an amendment which we adopted in March, 1919, and which was in operation for something over a year, and yet during that whole period the figures show that it made the following advances:

For agricultural implements, \$4,000,000 of exports; for condensed milk, \$5,000,000 of exports; for cotton, \$9,332,000 of exports; for electrical equipment and supplies, \$10,796,000; for grain, flour, and foodstuffs, \$12,229,000; for locomotives, \$5,000,000; or a total of \$46,347,654.

That total is an absolutely insignificant amount of our total foreign exports, and I am surprised that the activities of the corporation were so little directed toward the exportation of agricultural products; and I am even more surprised that the total they financed was so insignificant compared to our total exports during that period.

Mr. NORRIS. Mr. President, the amount that was actually expended, of course, does not tell the whole story. There were a great many of these operations where they were behind the organizations and had made an agreement to assist when it became absolutely unnecessary for them to extend a dollar of assistance. That is one of the great benefits that we hope will result. It will not always mean, when we get a lot of exports to go across, that this corporation will have a dollar in it. The fact that they are behind it, and these securities are put on the market for sale, gives them a market that would not exist if they did not have this corporation and its backing behind them.

Mr. HITCHCOCK. If the Senator will permit me, carrying out my argument, I find that during the first 10 months of this year our exports have amounted to \$631,000,000 and all that this corporation financed during the year it was in actual operation was only \$46,000,000.

Mr. GLASS. The Senator is wrong in his figures. It was nearly \$8,000,000,000.

Mr. HITCHCOCK. I should say billions. That is billions, as a matter of fact. It was \$8,000,000,000 for the whole year, approximately. The exact figures for the 10 months are \$6,498,996,000, and that seems huge compared to the insignificant amount of exports which this corporation financed, only \$46,000,000, during the whole year of its operations; and I was going to ask the Senator how he can explain the value of its services in promoting exports when during that year it did so little.

Mr. SMITH of Georgia. That is explained in the testimony.

Mr. McNARY. Let me call the attention of the Senator from Georgia to the testimony of Mr. Meyer, which is found on the bottom of page 21, and extending over to the middle of page 22, which goes to the very question of the Senator from Nebraska [Mr. HITCHCOCK].

Mr. RANDELL. Will the Senator from Georgia permit me to say a word?

Mr. SMITH of Georgia. Certainly.

Mr. RANDELL. I would like to have the attention of the Senator from Nebraska, as I think I can offer one possible solution to his question.

Following the armistice, late in 1918, the European countries and other parts of the world, I imagine, had considerable sums of money with which to buy our products. I know that the price of cotton remained at a very nice figure until the close of the year 1919. I know there was no special call on anybody to help finance cotton. It was in such tremendous demand that we could hardly get enough to supply the market. I imagine that the same would apply to the very large amount of exports of various kinds and sorts which were sent to the other nations of the world.

In other words, after we created the War Finance Corporation, in March, 1919, there were no demands made upon it.

Business was functioning without its aid. It was only later on, when these other nations had, I assume, exhausted their funds, or their credits, to a very great extent, and were unable to pay us the cash, that our exporters began to call upon the War Finance Corporation. Undoubtedly they were calling upon it pretty lively, according to the testimony of Mr. Meyer, when it ceased to function. Big demands were made upon it about that time, shortly before it ceased to function. I grant you that they had not been made upon it until shortly before it ceased to function, and I have merely offered that as a suggestion.

Mr. HITCHCOCK. The Senator bases his statement upon the assumption that our exports had fallen off, but, as a matter of fact, our exports for the first 10 months of this year, when the War Finance Corporation has not been functioning, are actually larger than they were for the first 10 months of the last year when it was functioning.

Mr. KING. And larger the last month of the 10 than any other.

Mr. SMITH of Georgia. We know that the raw material we are talking about is not being shipped to middle Europe; that it is not going to the markets to which it normally went before the war. We know that by proper financing it can be sent there.

The answer of the Senator from Louisiana [Mr. RANSDELL] is the chief explanation, I think, of why the War Finance Corporation was not more promptly called on to aid in financing these credits. Our Government continued to extend to foreign countries, to our allies, the loans invested in American products. They drew quite a large sum from the National Treasury after the armistice, which was spent in the purchase of American products. They furnished the funds during that period to continue to handle and to stimulate our exports.

But, as the Senator from Louisiana said, and as the Senator from Nebraska said, in May, 1920, that fund had been exhausted, and the private credits were beginning to be strained, and the War Finance Corporation was being applied to, to aid, and applications, amounting to a hundred million dollars, they were about to approve at the time the Finance Corporation was suspended. The representatives of all the farmers' organizations in the United States have indorsed and urged the resumption of work by the War Finance Corporation.

It is the opinion of the bankers and leading financiers with whom I have conferred that the resumption of the duties of this War Finance Corporation will greatly aid conditions throughout the country.

It is the opinion of representative organizations of the States that it is important and essential. There is an organization of the chief executives of the States which meets once a year. The governors recently met in Harrisburg. Let us see what message they send to us fresh from the people of their respective States. Among other things, it is said:

Let the Federal Government create a finance corporation of some sort that will enable the people of other lands to obtain from us the commodities they so greatly need, but for which they are not able to make immediate payment. We believe such a corporation to be entirely feasible and that its mere creation would substantially help the situation.

The convention of governors, through a committee of their number, presented it to your Committee on Agriculture and Forestry.

The representatives of the agricultural interests have met and begged for the resumption of the War Finance Corporation. The bankers have urged it. The governors of the States urge it. Let us take counsel with them and listen to their appeal. It represents the views of nearly all of our constituents.

Those who think it will do little must know that if it does little it will certainly do no harm. Those who believe it can do much, who hope for substantial results through its immediate action and through its cooperation, ask you not to prevent resumption because you think it will do little. If you do not want it to act, the less it does the better you should be pleased. We think it should resume its work, believe in what it can accomplish, and feel sure that the results will demonstrate the accuracy of our views.

Now, with reference to the securities and the absorbing power of any of those countries that are requiring long-time credit, I have had occasion to confer with men who have recently visited them, who are familiar with their condition, and they say that Central Europe can furnish us to-day a market not equal to the market of 1913 but a substantial market and a market which, by buying on long time, can give securities that exporters and bankers will be ready to accept; that these markets can be brought to our people, and the War Finance Corporation is needed to bring them to our people.

I would not undertake to give the details of the character of the securities. Exporters and bankers are satisfied that sound

securities can be obtained and if they have an assurance of co-operation to carry these credits longer than periods for which banks carry loans, they are ready to begin exporting. Every carload of war material exported under such circumstances will help, every shipload will help. It will help to bring back normal conditions in our own country and it will help to restore normal conditions abroad.

I am one of those who believe that the industrial restoration of Central Europe and of Germany is essential to the industrial prosperity of the world. I believe further that the greatest contribution we can make to Europe is to furnish credits that may enable the purchase of raw materials to put their unemployed to work, to let them again be purchasers, to let them again earn a livelihood, to let them again have a hope for the future; and if Central Europe and Germany can ever be brought back into industrial activity and again take their places as producers, it will prove a great stone wall against which the waves of Bolshevism might roll, to be hurled back, doing no harm.

Mr. THOMAS. Mr. President, I do not wish to interrupt the Senator if he does not wish to be interrupted.

Mr. SMITH of Georgia. If the Senator desires to ask me a question I am glad to yield.

Mr. THOMAS. I wish to ask a question, but to preface it by a very short statement.

I agree thoroughly with the Senator in his view that the economic restoration of Germany and of central Europe is essential to the return of normal conditions throughout the world. This is my question: How is it possible for Germany and the people of Europe to undertake the work of rehabilitation until they are relieved from the undetermined and indefinable indemnity which the treaty has imposed upon them, and under which the people can not and up to this time have not been able to determine what is to be expected of them during their period of rehabilitation and afterwards?

The Senator, of course, knows that this treaty, unprecedented as it is in many ways, is unprecedented in the fact that it imposes upon Germany an indemnity whose proportions no one knows, but which are to be determined year after year by the reparations commission, based upon what seems to be the ability of Germany to pay. I can not imagine any people in the world being able to go to work under conditions of that kind.

If I were mortgaged similarly to the Senator from Georgia because of our financial relations, I certainly would not long entertain any ambition to get back upon my feet financially and earn money when conscious of the fact that every dollar over and above my means of existence would go to the Senator, and without any limitation as to when that process would cease.

I do not believe—but I will not answer the question, as I promised not to, but does not the Senator think that this is a condition precedent to the rehabilitation of Germany—the fixing of a definite indemnity, so that she and her people may know what they have got to meet and then meet it?

Mr. SMITH of Georgia. I will give the Senator my views upon that subject with great pleasure. I regard it as utterly indefensible to hold an unsettled charge against the people of Germany. I think every influence this Government has should be brought to bear to induce a decision with reference to it—to let the people of Middle Europe know what they are to pay and fix their plans for the future to meet it. I should like to see the sum fixed and bonds accepted, that it might be made liquid, sold perhaps in part by the countries receiving the bonds. I think the fair and just thing to a beaten foe is to tell them what they are to pay and give them a chance to live.

But even though that is a hindrance—and I recognize it as a hindrance—I have been satisfied that large quantities of raw material will be, with satisfactory securities, purchased in Germany and in Central Europe.

Mr. WALSH of Montana. Mr. President—

Mr. SMITH of Georgia. One moment, please. I would say probably not half as much as if their war indemnity and their future liabilities were settled, but they must have work to live at all.

I now yield to the Senator from Montana.

Mr. WALSH of Montana. With the permission of the Senator from Georgia, I desire to remind the Senators who have precipitated this discussion that the position which they have advanced now is the position which was taken by the American commissioners at the peace conference. The view thus expressed was very ably presented by the financial representative on the commission, Mr. Baruch, and it is no new argument for anybody speaking in the name of the United States, but I desire to remind the Senators of that treaty as entered into between Germany and all the other Allies, the Allies other than ourselves. If it is to be changed in any way it must come from

negotiations between them and Germany. There is nothing that the United States can do about the matter except to urge, persuade, and I remind the Senators that in view of the situation we are in at the present time our suggestion concerning an amendment of that treaty would probably not be received hospitably.

Mr. SMITH of Georgia. It would not be very persuasive, the Senator thinks?

Mr. WALSH of Montana. No.

Mr. THOMAS. I have made no such suggestion. I am aware of the good work done by Mr. Baruch as our representative upon the reparations commission, but unfortunately he could not have his way. I think there is one thing, however, that we can do, and that is to continue our policy of keeping out of that treaty.

Mr. SMITH of Georgia. Mr. President, I have expressed several times upon the floor of the Senate my views with reference to the treaty, and am rather indisposed to enter into a discussion of the treaty unless it comes back here for our consideration. I only was pleased to express my agreement with the Senator from Colorado about the value to the world of a settlement of the indemnity which is to be required from Germany, and if we are in a position to use any good offices, if we should at any time in the near future be in a position to offer advice which might be heeded, I trust that all the influence of our Government may be thrown on the side of bringing to an end the indefinite condition of the indemnity and place it, if possible, in a shape where it will be fixed, where it will be settled by a bond issue, and where it may take the shape of a liquid obligation, no longer handicapping the industrial condition of the world.

But, Mr. President and Senators, coming back to the War Finance Corporation, there is no possible harm it can do, even if the Senators who have asked a few questions are not satisfied that it did not do more before it was suspended. There is every reason to believe that it can do a vast deal of good, that it can help broaden credit and help take care of credit essential to our exports into central and southern Europe, for even Italy and Spain have asked for credits beyond the ordinary banking credits.

Now, the banks may extend the credits to the exporter, but it would be difficult for them to carry those credits as long as may be necessary. If the bank knew that the War Finance Corporation was in a position to assist if the bank needed assistance, it would act with more liberality and with less hesitation. The same thing is true of the exporter.

As has been before stated, it is not simply the financing actually to be done by the War Finance Corporation that would bring the benefit. It is the encouragement and the backing it would give to exporters and bankers to handle the credits themselves. The War Finance Corporation will greatly aid the export corporation organized under the Edge Act. I believe that the overwhelming sentiment of the bankers and business men of this country is that this contribution to the rehabilitation of our export trade, this contribution to the re-establishment of our markets, is essential in the present condition of our country.

Mr. CALDER. Mr. President, will the Senator yield to me? The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from New York?

Mr. SMITH of Georgia. I do.

Mr. CALDER. I hesitate to interrupt the Senator, but I must leave the Chamber in a moment, and I desire merely to comment at this time upon the point the Senator has made in his remarks.

As chairman of a special committee of the Senate I had occasion to visit the western and southern sections of the country during the last month. Much of the information given by Mr. Meyer before the Agricultural Committee was obtained by him in traveling through the country with me and assisting me in the work I was doing. My committee had under consideration the question of the housing shortage and matters of thrift, transportation, and fuel as related to housing. We took upon ourselves to inquire carefully into the condition of the Nation's finances. We asked the bankers, we asked the business men, we asked the merchants, we asked everybody that might be interested in the rehabilitation of the country's business just what they thought of this very proposal that the Senator from Georgia is discussing, and I will say to the Senator and to the Senate that almost without exception we found the conservative business men and bankers of all that section of the country—and I speak now of the country west of the Alleghenies—almost a unit in favor of the revival of the activities of the War Finance Corporation. They believe that the psychology of its revival would be helpful to business; they believe that, as

the Senator has stated, the activity of the corporation in the way of encouraging exports, without even advancing money at all, will be very helpful; and they believe the country could do no better than to adopt this suggestion at this time. They suggested other means of helping business, but this seemed to be the one in which there was no risk to the country and a manner in which credit could be given and guarantees of credit could be gotten and one through which the country would run little or no risk.

If the Senator will permit me, I should like merely to read a paragraph from this morning's New York Herald, which the Senator knows is the great conservative newspaper in the East.

Mr. SMITH of Georgia. I will not only permit the Senator to do so, but I shall thank him for doing it.

Mr. CALDER. Among other things, this editorial says:

A merciless flogging has been administered to trade and industry in this country during necessary deflation. Producers directly and consumers indirectly have paid a penalty far and above any sins they ever committed. Producers have listened to sermons about increasing production and satisfying the foreign demand as a means of cutting down taxes and keeping a balance on the right side of the ledger. There is more corn, more cotton, more wheat, more copper, more steel; there are more textiles and more shoes than the country can consume, but there is only a restricted outlet for our surplus to the markets filled with eager buyers abroad.

The editorial goes on and commends the action of the Committee on Agriculture and Forestry and the Members of this body in urging that steps be taken to revive this corporation, which the Senator so splendidly advocates.

Mr. SMITH of Georgia. I thank the Senator. I spent three weeks in New York City just prior to the convening of Congress. I then had an opportunity of conferring with quite a number of prominent bankers and thoughtful business men, and I can not recall a suggestion from one that was not favorable to the resumption of the activities of the War Finance Corporation and that did not indicate a belief that great value could be expected from the resumption of its activities.

As I have stated and as others have stated a number of times, not alone what it would do, but the psychological effect of its resumption of operations as an agency of the Government, the Government thereby recognizing the importance of our exports and showing its willingness to help lead in the export work for 12 months after the proclamation of peace, would be profoundly beneficial.

Mr. President, I offered on yesterday an amendment, the real feature of which is to add, after the word "agricultural," the words "and other," so that the joint resolution will read "to resume the activities of the War Finance Corporation * * * with the view of assisting in the financing of the exportation of agricultural and other products to foreign markets."

If the Senate wishes to do so, I am willing to see the language left "agricultural," but I really do not think it ought to be so restricted. I think it should apply to all lines of industry that may be helped, and at the proper time I shall ask for the adoption of my amendment adding the words "and other," so that it will read "agricultural and other products."

There is one other amendment also in the second section of the joint resolution which I propose, in line 16, by striking out the words "of extension." I think, as expressed, it might be understood to apply simply to the renewal of notes rather than the extension of credits as an original proposition. So I have suggested the striking out of the words "of extension."

Mr. KING. Mr. President, before the Senator resumes his seat and after he has concluded his remarks, I should be very glad to propound one or two questions, with his permission.

Mr. SMITH of Georgia. I now yield to the Senator for the questions.

Mr. KING. Mr. President, I have been very much interested in the observations which have been made by the distinguished Senator from Georgia, and with much that he has said I am in hearty accord. I confess, however, to a lack of understanding of the explanation which the Senator has made with respect to the functions of this corporation when it shall have been revived, as to its powers, and particularly with reference to the obligations of the Government. I can not understand a system of bookkeeping—for, if the Senator will pardon me, this is more than a question of bookkeeping—I can not understand a system of bookkeeping which places under the control of this corporation, to use my expression of a moment ago and the Senator's expression, as a potential force, backing its stock issue, \$500,000,000 or \$1,000,000,000, and yet at the same time that act does not create an obligation against the Government. It seems to me that when this corporation shall be revived—and I assume now that it is defunct—

Mr. SMITH of Georgia. I object to the term "revived," because I do not concede that it is dead. I want to substitute "resume operations" for "revive." The joint resolution says

"revive," but I wish to substitute "resume operations," because I deny it is dead; I do not concede at all the right of the Secretary to kill it.

Mr. KING. Well, assume that it is not dead, but is in a moribund condition.

Mr. SMITH of Georgia. It is asleep.

Mr. KING. As I understand now, it has not a billion dollars or five hundred million dollars to its credit upon the books of the Treasury. I assume, therefore, that by some process of bookkeeping, which doubtless was authorized, the credit which it received in the beginning has been charged against it and the Treasury has been reimbursed for the original payment. Now, if this moribund organization—

Mr. HITCHCOCK. Mr. President, if the Senator will permit a correction there—

Mr. KING. Yes.

Mr. HITCHCOCK. I have discovered what has become of that \$500,000,000. In his report the Secretary of the Treasury says:

The entire capital stock of the War Finance Corporation, \$500,000,000, has been issued and is held by the Treasury. This and its reserve fund of about \$25,000,000 are invested to the extent of about \$422,000,000 in United States bonds, notes, and certificates of indebtedness, and to the extent of about \$103,000,000 in other loans and investments.

Mr. SMITH of South Carolina. They can pass that to the credit of the corporation when it resumes operations.

Mr. KING. If this organization, then, shall resume, it will mean that there shall be placed to its credit the amount of capital stock which it is presumed to have.

Mr. SMITH of Georgia. I think it is to its credit now; it owned those bonds into which it put its money. I do not think the Secretary of the Treasury has any authority at all to end it. To suspend its operations was the limit of his authority, and I doubt whether he had that authority; but the bonds in which this money was invested belonged to the corporation.

Mr. KING. May I ask the Senator another question? If this corporation owns those bonds, it is evident it has not paid the Government the amount which it obtained from the Treasury of the United States. Therefore, the Treasury of the United States, unless it has sold the bonds for the purpose of replacing the money which was placed to the credit of this organization or has taken the money from taxation, has a deficit which must be taken into account in determining the financial condition of the Treasury of the United States.

Mr. SMITH of Georgia. I consider that that \$500,000,000 is still the property of this corporation; that nobody has had the right to take it from it. It drew about \$125,000,000, and has still to its credit about \$375,000,000—I use round figures. That amount should be to its credit on the books of the Treasury. It had been invested in bonds and Treasury certificates, and the amount should be to its credit on the books of the Treasury, if the books of the Treasury are properly kept.

Mr. SIMMONS. Mr. President, I can explain that matter to the Senator. The corporation invested, I should say, \$120,000,000 in securities, which has not been paid back. It then drew out the balance, or practically all the balance, of its funds in the Treasury—

Mr. KING. Amounting to \$500,000,000?

Mr. SMITH of Georgia. What was left of the \$500,000,000.

Mr. SIMMONS. Yes; and bought Liberty bonds. Those Liberty bonds have been turned over to the Treasury and they have been given credit now for those Liberty bonds, which restores their account to the same position in which it was before they drew this money out and purchased Liberty bonds; so that the corporation now has actually to its credit upon the books of the Treasury about \$385,000,000.

Mr. KING. If the Senator will pardon me, if it got from the Treasury of the United States \$500,000,000, which it must have done in order to have invested part of it in bonds and to have loaned the residue, and then repaid the Government the amount received, and it has now received back credit upon the books of the Treasury of the United States for this amount, and if we now revive this corporation we must reappropriate \$500,000,000, or the bonds which the Senators say are to its credit, in order that it shall have either stock or assets, or whatever you please to denominate the funds, with which it shall guarantee the loans which it shall make.

Mr. SIMMONS. No; the Senator is wrong. They have that credit there now, and it is not necessary to appropriate any money. They have simply restored to the Treasury the money which they temporarily took out.

Mr. KING. Does not the Senator understand that by the revival of this organization we will restore to it, upon the books of the Treasury of the United States, credit to the extent of three hundred and some odd millions of dollars?

Mr. SIMMONS. Why, it already has it. We do not have to restore it. It already has it.

Mr. KING. Then, if it has that credit, how has the Treasury of the United States been paid for the amount which it advanced when the corporation was organized?

Mr. SIMMONS. Why, in Liberty bonds which were purchased by the War Finance Corporation. The Senator knows that the War Finance Corporation was in the market buying Liberty bonds for the purpose of stabilizing the price of those bonds.

Mr. KING. I understand that; yes.

Mr. SIMMONS. It bought those bonds of the Government, and turned those bonds over to the Treasury, and the Treasury gave it credit for the bonds on the books.

Mr. KING. Where did it obtain the money with which to purchase the bonds?

Mr. SIMMONS. It drew it from the Treasury, out of the funds appropriated.

Mr. KING. Exactly.

Mr. SMITH of Georgia. We have appropriated \$500,000,000 to it, and it drew the \$500,000,000. It put the money into bonds. The Treasury redeemed a part of the bonds held by this corporation, the statement shows, and when it redeemed them it gave the corporation credit on its books for the money.

Mr. KING. I understand that perfectly. Then it is obvious that the Government of the United States is out \$500,000,000 through an appropriation.

Mr. SMITH of Georgia. Absolutely; and it has the stock of this corporation.

Mr. KING. It means, then, if I understand the Senator's contention, that a revival of this corporation permits it to make loans, and back of those loans will be these Liberty bonds which have been purchased by the money appropriated from the Treasury, which will be a guarantee for the payment of the obligation.

Mr. SMITH of Georgia. Back of the loans will be the obligation of the United States to pay the \$375,000,000 that this corporation has to its credit in the Treasury—yes; that is just what I mean. It has one hundred and twenty-six millions and more of assets, and this additional amount is to its credit in the Treasury, and its credit in the country, and the credit on which it sold its notes before was the fact that the Government appropriated \$500,000,000 to take all of its stock.

Mr. GLASS and Mr. SIMMONS addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Georgia yield; and if so, to whom?

Mr. SMITH of Georgia. I desire to yield to whoever wants the floor. I have been ready to yield for some time.

Mr. SIMMONS. I yield to the Senator from Virginia.

Mr. GLASS. Mr. President, the simple fact is that the Government, to the extent of \$500,000,000, subscribed to the stock of this corporation. When the corporation ceased to operate it turned back to the Treasury, in bonds and credits, all of its assets. So that technically it has to its credit these bonds and these assets; but if it undertakes to draw them from the Treasury again in order to revive its activities, the Treasury must go out and by the use of certificates of indebtedness borrow the money at 6 per cent interest in order to replenish the funds of the corporation.

I do not care to be understood at this stage as either opposing or favoring this proposition. I am simply stating that fact.

Mr. SIMMONS. Mr. President—

Mr. KING. Mr. President, if the Senator will yield to me, that is exactly the situation as I have apprehended it; but, as I understood the Senator from Georgia, he was attempting to demonstrate that there had been no obligation in the past nor would be in the future upon the Treasury of the United States.

Mr. SMITH of Georgia. Oh, not at all.

Mr. KING. That is, that the Treasury of the United States could advance this money, but keep it by bookkeeping within its coffers, and that there is no obligation or liability upon the part of the Government of the United States, and still it would be available as a basis upon which to predicate the loans that might be made by the corporation or to obtain credits to facilitate trade with foreign countries.

Mr. SMITH of Georgia. Not at all. On the contrary, I have said that the Government subscribed \$500,000,000 for the stock and took the stock, and that that \$500,000,000, whether left with the Government or in the vaults of the War Finance Corporation, constituted its capital, and if in the Treasury the Government would be liable for \$500,000,000 if the notes of the War Finance Corporation were issued and were not met. It is the basis of its credit, absolutely and unqualifiedly. I never doubted it.

Mr. KING. I understood the Senator to say that the War Finance Corporation paid back the loan or the \$500,000,000

originally appropriated; but the last observation of the Senator places a different construction on the matter.

Mr. SMITH of Georgia. That the War Finance Corporation paid back the loan it made from the public?

Mr. KING. No, no; that it paid back to the Treasury of the United States the \$500,000,000 which at the outset it obtained from the Treasury of the United States.

Mr. SMITH of Georgia. No; I did not say that. The War Finance Corporation actually received from the Treasury approximately \$125,000,000. The balance of the \$500,000,000 has been in the Treasury to the credit of the War Finance Corporation all of the time, except when it was invested in Government securities. Subsequently the Treasury paid off these securities, bonds, and Treasury certificates, and the credit again went to the War Finance Corporation upon the books of the Treasury.

Mr. KING. Mr. President, then, if I understand the Senator, he will accede to this statement made by Secretary Houston:

The Treasury has acted as depository for the corporation. Its funds are represented by a cash credit on the books of the Treasury. If the corporation should draw against that credit, the Treasury would have to borrow to get the money. If activities were resumed, the Treasury or the corporation would have to borrow in order to make the loans.

Now, if the Senator assents to that, may I inquire whether, if the War Finance Corporation is revived and it does make loans, what provision will be made for the Treasury of the United States to get the money in order to meet such loans?

Mr. SMITH of Georgia. No additional provision at all.

Mr. KING. Where will the Treasury of the United States get the money?

Mr. SMITH of Georgia. We do not expect the Treasury to furnish a dollar. We expect the corporation to finance its own paper, just as it did before.

Mr. KING. May I ask the Senator if he thinks it would be honest or sound finance, or to the credit of the United States, or to the credit of the Treasury of the United States, if upon a revival of this organization this corporation loaned \$50,000,000, for the Treasurer of the United States not to place to the credit of the corporation immediately \$50,000,000 in cash in order to meet the obligation?

Mr. SMITH of Georgia. If the corporation loaned \$50,000,000 without disposing of its bonds or raising it otherwise, the Treasurer would undoubtedly meet the \$50,000,000.

Mr. KING. If the corporation should issue its own paper, and some one was unwise enough to accept it without the obligation of the Government behind it in the form of an appropriation or suitable security, does not the Senator think it would be the duty of the Treasurer of the United States, if we revive this organization, to immediately credit this organization in cash with the amount of the loan?

Mr. SMITH of Georgia. No. The Treasurer now credits it with \$375,000,000 and it has the balance of this \$500,000,000 in other assets. It to-day has a cash capital of \$500,000,000 plus the \$26,000,000 it earned—\$375,000,000, in round numbers, being in the Treasury. Its notes are perfectly good.

It sold its notes to the amount of \$200,000,000 before. The only notes it gave it sold to the public. I said it had paid off its notes. Those were the only obligations it had. The \$500,000,000 was the obligation of the Treasury to it, for we had appropriated \$500,000,000 from the Treasury in payment for the capital stock of the corporation. We provided in the original bill that the National Government should be the sole stockholder and that it should take \$500,000,000 of the stock from time to time, with the approval of the Treasurer and certain other officials, and it was taken, and it now has to its credit \$375,000,000 in round numbers.

Mr. KING. May I ask the Senator if it controls the \$375,000,000 which is to its credit?

Mr. SMITH of Georgia. I think it can control that sum absolutely.

Mr. KING. And upon its making a loan, if it had to back that loan with Government bonds, would it have the power to make a requisition upon the Treasury of the United States for the equivalent of that loan?

Mr. SMITH of Georgia. For the \$375,000,000?

Mr. KING. Well, for whatever the loan amounted to.

Mr. SMITH of Georgia. I think it can call on the Treasury for what is to its credit there, every dollar of it—the whole of the \$500,000,000 that it has not drawn.

Mr. KING. Suppose that it had to have cash in order to give the benefits sought to be obtained, or securities which would readily command cash. Could it take from the Treasury those bonds, which I understand have been deposited there, and vend them in the market?

Mr. SMITH of Georgia. Not at all.

Mr. KING. How would it obtain the cash?

Mr. SMITH of Georgia. This is what I understood has taken place, although I may be inaccurate in this:

When the Liberty bonds or the Victory bonds were being sold, and at other times, the War Finance Corporation bought them, and bought some on the market a number of times. It invested its \$385,000,000 in bonds. The Secretary of the Treasury, as I understand, called in and redeemed certain bonds, and he took the bonds of the War Finance Corporation, and having taken the bonds the Treasury held and redeemed them. Instead of paying the corporation the cash the Treasurer gave it credit on the books of the Treasury, which was the depository of the War Finance Corporation, for the value of those bonds which the War Finance Corporation had held. So the War Finance Corporation has given up the bonds that it bought, and the Treasury owes it the value of the bonds.

That is my understanding of the matter. I think I am right about it.

Mr. KING. Mr. President, I think the Senator is right. The misunderstanding between the Senator and myself arose out of this fact:

I understood the Senator's position to be that the \$500,000,000 which was originally appropriated by Congress and credited to the War Finance Corporation had been paid back to the Treasury of the United States either in the shape of assets, obligations of individuals or corporations which the organization held, or United States bonds which the organization had obtained from the Treasury and purchased by it, and therefore that the Treasury of the United States, to use common parlance, was made whole, the Government was made whole; that it had the \$500,000,000 back again under its own control without any string or any obligation whatever with respect to it; that the present purpose is to revive this corporation and to place a lien—if I may be permitted that expression—upon the \$500,000,000 which had been covered back into the Treasury of the United States, either in the shape of Government bonds or other securities, and to abstract it from the Treasury for the purpose of loaning it to exporters; and further that this transaction would involve only a little bookkeeping, which would show that the United States had parted with no money, and that at the same time this corporation would have \$500,000,000 to its credit, available for loans to the interests provided in the resolution.

Mr. SMITH of Georgia. The Senator certainly misunderstood me. I never had such a thought in my mind. The confusion, I think, must have grown out of the fact that I suggested it had redeemed its note obligations. I was referring to the two hundred millions of notes that it sold to the public. I was referring to obligations it issued and paid off to the public. Those were the only obligations it had. It never had any obligations to the Treasury. We appropriated the money to it. The obligation was by the Government to pay for its stock, and when I was referring to an obligation I was referring to a technical obligation, a promise to pay by this corporation, and the Senator no doubt was referring to what he considered its obligation to finally make the Treasury good, and that is the way the confusion arose. I relied upon this \$500,000,000 capital of this corporation as a basis for the issue of its paper. I do not think it will be compelled to draw a cent from the Treasury. I think it can finance its work by the issue of its paper, by the indorsement of the paper of banks, by the utilization of the securities it receives for its loans; that it can bring out of hiding investment money that is not now engaged in active occupations, and instead of being injurious to the general condition, drawing this investment money and putting it to service will be a contribution to the general financial condition in the country, and as this money goes back into the communities where goods are moved and marketed, that money will quickly go to pay off debts and back into the banks and back into the reserve banks, to bring back normal conditions and to revive the general purchasing power of the country.

Let me read this sentence, and then I will close:

Secretary Houston. The Treasury has acted as depository for the corporation. Its funds are represented by a cash credit on the books of the Treasury. If the corporation should draw against that credit, the Treasury would have to borrow to get the money. If activities were resumed, the Treasury or the corporation would have to borrow in order to make the loans.

That may be true. The Treasury might be compelled to issue short-time certificates to raise the money if called on by the War Finance Corporation, but the corporation, as has been fully explained, contemplates financing its own affairs and not using money from the Treasury.

Mr. KING. If that is the process which is to be followed, would the Senator object to a modification of the resolution so that it will not compel the Treasury of the United States or this organization to sell Government securities, thus further inflating the credits of the country, in order to obtain the money with which to make loans to individuals?

Mr. SMITH of Georgia. I do not think we should in any way change the status of the fund that belongs to this corporation in the Treasury. I think it is in proper shape now, and should remain in that shape, to furnish a basis for disposition of obligations of the War Finance Corporation, thereby placing it in position readily to raise money and perform the great national and international task before it.

It will serve our own people and help stabilize world industry so necessary for the peace of the world.

Mr. CAPPER. Mr. President, while we have this subject before us, I wish to read a telegram I have received from the State bank commissioner of Kansas, in which he says:

Kansas banks are unable at this time to properly take care of all credit required by farmers and stockmen in present emergency. Banking conditions are critical. Believe Congress should take action at once, with view to having either the Federal Reserve Board or some other governmental agency relieve the situation. Additional credit must be given producers without delay. Urge Congress to act promptly on this matter.

I have some 18 or 20 other telegrams from State and national bankers of Kansas, and I think they tell the same story. I think they urge action by Congress in line with the resolution which we now have before us.

Mr. President, due to the unprecedented collapse of credit facilities in the great agricultural regions of the West, 26 country banks in North Dakota have closed their doors in the last 30 days because they could not collect from their farmer debtors. The farmers could not pay their notes because the tremendous slump in prices for farm products within a few short weeks had cut in half the price of practically everything they had to sell. By all rules of business and economics these farmers should have been more than able to meet their notes in the bank. But they were not. Instead, the slump in farm prices, wholly unjust and out of proportion to the declines in other commodities, had pushed them toward bankruptcy and ruin. The fall in prices of farm products this year means a loss to the farmers of more than \$6,000,000,000.

There is not a living market for farm products in the United States to-day. Where there is not a living market no industry can exist, not even the unappreciated and overburdened industry of agriculture. Mr. President, the closing of these Dakota banks is a forerunner of much worse to come if we do not heed the warning. It indicates that agriculture, our biggest business and the foundation of our wealth and prosperity, is close to demoralization and collapse. It indicates that the food scarcity that has threatened us before is again approaching, and it says as plainly as can be that all the rest of the country will go down with it once agriculture collapses. Unless relief comes soon this country is in for one of the greatest breakdowns in its history. The signs are plain, and out in the Middle West and the West, where the food you eat is produced, the rumblings are unmistakable.

Mr. President, we have gone about this thing of deflation all wrong. The farmer has been made the goat so often that it was thought he could be safely made the goat again in this big task of deflation. But we have leaned on him too long. The burden has become too great. He can not carry it. He will not carry it. He has said so and is saying so to-day.

If this warning is not apparent to you, consider the unprecedentedly large receipts of breeding animals, of cows, heifers, and calves, brood sows, and immature pigs that have been dumped on the market in the last month or six weeks. The farmer has been forced to dump them, to dump them on a slumping market, at ruinous prices. In line with the drastic deflation policy which Washington has insisted upon, the banks demanded their money and the farmer had to pay. The banks are not to blame. In the West, at any rate, the banks have gone the limit in assisting the farmers.

The week of November 15 broke all records for shipments at the Chicago stockyards. Farmers dumped 4,503 carloads of 111,966 head of cattle in six days. Those shipments included thousands of breeding animals; more than that, there were 15,281 calves, thousands of which would normally have stayed on the farm to make beef or as breeding animals. It is certain that an unusually large proportion of that record week's shipment were cows that should have remained on the farm for breeding purposes.

The same thing has been happening at the other four big western live-stock markets and in all the little markets. Cows, heifers and calves, sows and immature pigs that should never have been shipped have been dumped by the thousands of cars. Steers and shots that were not ready for market have been dumped. All because of the most pitiless, unrelenting, shortsighted, and unfair policy of deflation that the Washington and Wall Street financial powers ever have forced on any industry in this country.

You will remember that last year we were all alarmed lest the farmers could not produce food for us. The farmers were short on capital. They needed credit urgently. The financial powers saw to it that credit was transferred to the producing country, for they feared that otherwise there might be a scarcity of food and that terror and anarchy would breed from hunger. We urged the farmers to produce. It was necessary for orderly deflation and social order. So down from the reserve banks and the big city banks credit was handed to the farmer through the country banks.

The farmers took this credit to run their business. They raised their crops. They accepted the steadily declining markets as inevitable, asking only that the decline be kept in just proportion with other commodities. But with garnering in of the greatest harvest the country has ever known, and with the fear of hunger's unrest removed another 12 months the financial powers inaugurated a wholly different policy. Without warning a few weeks ago the country bankers began hammering the farmer. They began forcing him to sell wheat, cattle, hogs—anything, everything. He would dump a load of unfinished cattle on the glutted market, knowing that he would depress prices still further, but he could not help it. The banks forced him. They couldn't help it. Further up, the city banks were hammering them. Further up the reserve banks were hammering, and still further up the financial powers that control that so-called public utility—credit—were hammering, hammering, hammering. And every blow struck the farmer. The powers that had so graciously lent the farmer money to grow food for them were demanding it and taking from him every cent he could scrape together, no matter how great the sacrifice to himself, his family, or his industry.

From June 1 to December 1, No. 2 mixed corn, the grade on which corn trading is based, slumped approximately 70 per cent, or from \$1.90 a bushel to less than 60 cents a bushel in Kansas City and to 30 cents a bushel at country shipping points. One Kansas farmer took a load of 25 bushels of corn to his local elevator the day before Thanksgiving, to get his wife a pair of shoes. He also took along a hide from a young beef he had killed. He got \$7.50 for the 25 bushels of corn and \$2 for the hide, but for an ordinary, serviceable pair of woman's shoes he had to pay \$10. The shoes cost him all of the price of the load of corn and of the hide and he had to dig up 50 cents to complete the payment. Do you know of any deflation in staple commodities that equals that? You do not, for nowhere has deflation been carried to such an inhuman extreme as with the farmer.

Mr. President, that is a homely example of just what is happening throughout a great part of our country to millions of our people. Two farmers down at Hickory Point, Tenn., killed a couple of young beeves, or calves, in November. The two hides weighed 40½ pounds. They paid \$1.58 to ship them to St. Louis, and after the hides had been sold and all expenses paid one man got back eleven 2-cent stamps and the other received 29 cents in stamps.

That is another homely little example, a thing to be passed over with a smile by the unthinking. But it is human, and it is the meanest kind of pure injustice and unfair dealing that grows into great suffering and social upheavals. And those pieces of injustice are being multiplied by tens of thousands to-day, multiplied again and again every time the helpless farmer is forced to sell a bushel of grain or an animal to liquidate along the pitiless line that his creditors have ordered him to follow.

Lack of credit is choking agriculture to death. The men who are shipping breeding stock to market are eager to keep their herds. Almost all of them are solvent, going concerns if given decent business treatment. They know they can weather this storm easily if the Federal Reserve Board will adopt a more liberal policy in rediscounting agricultural paper. Do not think that it is just the little hand-to-mouth farmer who is being bled to death. The same power is squeezing the big farmers and the big ranchers, men with hundreds of thousands invested, and they, too, are having to dump their live stock into a glutted market to satisfy the banks. With the best security in the world, they can not get loans.

Farmers from almost every State in the West and Middle West have written me in the last few weeks complaining that they can not get credit under any conditions. Their banks are refusing any and all kinds of security they say. Yet they have the best kind of security to offer—foodstuffs. A country banker in western Kansas went to Kansas City in November to get money for farmer customers. He offered a bushel of wheat as security for every 30 cents lent him. He came back home without a cent. The financial interests and the reserve banks had shifted credit to the farming country only to help produce this year's harvests and after these harvests were in the farmers

existed solely as the scapegoats on whom they proposed to dump the burden of deflation.

Mr. President, last summer quite a few big corporations from the industrial centers circulated their paper among country banks. They were good concerns and they took quite a bit of money from country banks, but now when the farmers are suffering for credits none of that money comes back to them. You can not blame the bankers for buying that paper. It was good, sound investment. Everybody expected tighter money, of course, but no such shortsighted, industry-killing program was anticipated. The financial sages talked orderly and equitable deflation, and the Secretary of the Treasury was so placid that he suspended the War Finance Corporation, a thing that never should have been done, for if that aid to trade was needed it is needed now, and it should be put back in operation just as quickly as is practically possible. I particularly call your attention to the action of the recent governors' conference, including the governors of nearly every State in the Union, which made a special appeal to Congress to come to the relief of stricken agriculture by means of an amendment to the Federal reserve act. These governors expressed the opinion that the unremitting credit strain throughout the agricultural section made it imperative that this Congress should arrange for a supply of temporarily additional currency to provide relief in this unprecedented situation.

Mr. President, more adequate credit is an absolute necessity to the life of agriculture to-day and to the food supply of our cities in the future. Lessened production next season is a certain consequence if this relief is not granted. Normal food production can not be continued until agriculture is properly financed.

As I said, lack of credit is sending breeding animals to market in trainloads. There has been no wool market for seven months, and a Wyoming sheepman who shipped recently to Kansas City paid \$2.10 a sheep for freight and received \$1.75 a head for his sheep. Naturally he is being forced out of business. Yet there is scarcely any noticeable decline in the retail prices of food. The cut in shoes has been small and the cut in clothing only nominal. The farmer must pay 12 cents a bushel to get corn husked and then sell it for 30 to 40 cents. He pays \$10 to \$11 for coal that used to cost him \$4 and \$5, and in many western counties he will burn corn this winter for fuel. Two ounces has been added to the loaf of bread in my home town, which is doubtless a fair example of the cut in bread prices, while more than \$1.25 a bushel was taken from the price of wheat and 96 cents a bushel from corn between June 1 and December 1.

Clearly the farming business can not exist unless credit conditions and market conditions are remedied soon. The farmers can not pay the prices charged for commodities with the prices they receive for their products. A few months ago 30 bushels of corn would buy a good suit of clothes. Now, even with the small cut in clothing prices, it requires more than 100 bushels of corn to buy the same suit. A bushel of wheat would buy 10 gallons of gasoline last June. It will buy little more than 5 gallons now. And so it goes with everything he buys and worse than that with the money he borrows, if he can borrow, for he often pays 10 per cent interest and more, and as security he signs a property statement on everything he possesses.

We can refuse our own farmers credit or can grudgingly give them credit at ruinous rates with a property statement on everything they own, but our Wall Street bankers never hesitated when the Cuban sugar planters needed financing.

They sent money to Cuba in the face of a falling market, while here at home they have forced their own farmers to ruin their own markets to pay back their loans. We can supply Wall Street with billions for gambling, we can advance the railroads more than a billion dollars on a broken-down transportation system, and we can finance the profiteering Cuban sugar planters, but we can not show decent business justice to our own farmers. It is true that the Federal reserve bank denies that credit has been denied to agriculture. But we all know in Kansas that that credit is entirely inadequate. The Federal reserve bank at Kansas City has charged as high a rate of interest as 20 per cent per annum this year.

Mr. President, farmers have got to have a fair credit system. The sooner they get it the better it will be for the entire country. The big corporation that does not wish to float long-time bonds at present rates issues short-time certificates and there is a money market suitable for its needs. The commercial house that needs 30, 60, and 90 day credits finds the deposit banks suited to its business. But for the farmer there are no credit facilities. He must do business largely through deposit banks, which can not safely deal in the length of time paper that farmers must give. Except the cattle-loan companies, which

are limited in their operations, he has absolutely no adequate credit accommodations.

The great necessity for developing a financial system that makes allowance for the peculiar conditions governing the business of agriculture and that will adequately meet the special needs of the farmer has never been more apparent than in the present agricultural crisis. Ordinary commercial credit will automatically flow to the point where it secures the largest returns. In a time of financial stringency, the speculators will pay any figure for credit. The farmer can not compete with call money, with speculative money, or with money for foreign exploitation. Let me assure you the farmer is not seeking an economic advantage by which he may exact an inordinate profit. All he asks is that his credit needs may be met as freely and on the same terms as are enjoyed by other business men. He has no right to ask for more.

Inasmuch as the present situation has been largely brought about by necessary Government interference with what would otherwise be the restraining effect of the law of supply and demand, it is quite reasonable to appeal to the Government—which was compelled to create this situation—to relieve it so far as it may do so without violation of economic principles. Precedent for such action in behalf of the agricultural interests may be found in the action of the Government in relieving the railroads of too sudden a readjustment on their return to private ownership. It can not be denied that the farming industry is just as important to the foundations of national prosperity as the transportation industry.

Mr. President, I wish to call the attention of the Senate to the excellent suggestion presented to the Senate Committee on Agriculture a few days ago by the Farm Mortgage Bankers' Association of America, as follows:

If the banks in the reserve centers could transfer this burden to some other agency for a year's time there would be released an entirely adequate amount of credit for present needs of both agriculture and general business and for the relief of country banks which are now compelled to exercise undue pressure on their customers, and, worse still, to refuse to furnish their farmer customers essential credit for carrying on their operations. This relief is fundamental to the relief of the other needs enumerated below, and mature consideration suggests a revival of the War Finance Corporation as the best immediately available agency for taking over this burden. We therefore urge the immediate revival of the War Finance Corporation with specific powers and instructions to accomplish this end, with the stipulation that the corporation should assume no paper carrying a higher rate than 7 per cent. This measure is intended for relief, not as a means of profit.

Congress must solve this problem, and as one remedial measure it must reestablish foreign trade relations that our surplus crops, live stock, and our cotton may find a market. In considering remedial measures the War Finance Corporation should be authorized to resume operations at once. There is no other way to market the 12,000,000,000 bales of this year's cotton crop and our other great surpluses. The renewal of trade with Europe will give some relief, especially for the South. With the reestablishing of foreign trade Congress should see to it that agriculture is afforded equitable credit accommodations along with the other lines of industry in this country. There is no reason why a solvent farmer should not have credits as cheaply as any other business man.

Mr. President, my great concern is for what I know to be the most vital matter before this Nation prompts me as never before to urge this Congress to recognize our national dependence upon the agricultural interests of this country for our immediate prosperity and its ultimate effect upon our civilization.

A constructive national policy toward agriculture developed on sound lines, and that may be safely applied, is our great need. I believe that the future history of this country will be determined by the problem of food; its production, its distribution, its cost, and by the depletion of the soil's fertility, and the loss of its young people. The necessity of practical cooperation between the Government and the farmer and the protection of the Nation's food resources was never so acute as now. We are asking for no class legislation or special favors, but, Mr. President, I believe it is imperative that the present acute situation should have the best attention of Congress at this moment, and all possible encouragement given to a stricken industry.

Mr. FLETCHER. Mr. President, I will not venture upon any discussion of the joint resolution at this time. Indeed, I doubt if it will be necessary at any time because I think the Senate is in favor of the measure and I hope sincerely that it will be passed. I think the benefit that will flow from it is of immense consequence and the indirect benefit probably will be greater than the direct benefit.

At this time, however, I desire to ask that there be printed in the RECORD two short communications which I have, one from

the National Board of Farm Organizations and one from the commissioner of agriculture of Florida.

The PRESIDING OFFICER (Mr. HENDERSON in the chair). Without objection leave is granted.

The letters referred to are as follows:

NATIONAL BOARD OF FARM ORGANIZATIONS,
Washington, D. C., December 9, 1920.

Senator DUNCAN U. FLETCHER,
Senate Office Building, Washington, D. C.

DEAR SENATOR FLETCHER: You undoubtedly know that during the month of October two important joint agricultural meetings were held here in Washington in which we strongly protested the action and policies of the Secretary of the Treasury and the Federal Reserve Board with respect to the agricultural credit situation, and in which we strongly favored the rehabilitation of the War Finance Corporation.

S. J. Res. 212, which I understand you are favoring, is undoubtedly a step in the right direction, and I believe that its passage will be of material benefit not only to the farmer producers of this country, but also to business in general.

Sincerely, yours,

CHAS. A. LYMAN, Secretary.

THE STATE OF FLORIDA,
DEPARTMENT OF AGRICULTURE,
Tallahassee, December 7, 1920.

Hon. DUNCAN U. FLETCHER,
United States Senate, Washington, D. C.

DEAR SENATOR FLETCHER: The purpose of this communication is to earnestly urge your valued cooperation and influence in securing the passage of a joint resolution by Congress reviving the War Finance Corporation. The purpose of this is well understood by all Senators and Members of Congress.

I think it should be renamed and called the foreign finance corporation or export finance corporation. The war is over; let's leave off the word "war."

It is unnecessary for me to go into a lengthy discussion of this measure and I shall not take up your time to do so; but I do want to drop this suggestion: Unless something is done to open up markets for American farm products such an exodus from the farms will take place as has never before been known. This will be a most serious outcome of our neglect and lack of statesmanship.

There is nothing radical nor unreasonable in meeting the emergency that all agree exists, and only Congress has the power to put in motion the machinery which can save the day.

There is another point which I would like to suggest: Whatever means may be necessary should be used to have the Federal Reserve Board regulate its deflation policy so as to discriminate between productive and nonproductive loans—restricting the nonproductive without crippling the productive industries. A combination of the deflation of currency and the collapse of foreign markets has created a condition which will force a twenty-five billion dollar crop produced in the United States to be sacrificed for \$15,000,000,000. This will mean financial ruin and such discouragement to agriculture as to be positively alarming.

With kindest regards, I am,

W. A. McRAE,
Commissioner of Agriculture.

Mr. SMOOT. Mr. President, I ask the Senator from North Dakota [Mr. GRONNA] if he knows of anyone else who desires to speak to-night? If there is no vote to be taken upon the joint resolution to-day we may as well adjourn until to-morrow.

Mr. GRONNA. I was in hopes that we could dispose of the joint resolution to-day, but the Senator from Colorado [Mr. THOMAS] indicated this morning a desire to speak upon it, and, of course, if he is not ready to-day it will go over until to-morrow.

Mr. THOMAS. I stated that I wanted to familiarize myself with the hearings before taking the floor. I have read about one-third of the testimony this afternoon and expect to finish the balance to-night. I will be ready to go on in the morning.

Mr. GRONNA. I can assure the Senator that I do not wish to hurry him unduly.

Mr. NORRIS. I have no objection to taking that course if we can have some kind of an understanding that we shall dispose of the joint resolution to-morrow. I presume that there is a feeling in favor of an adjournment from to-day until Monday, but I would not like to take a step like that before the joint resolution is disposed of. I do not seek any unanimous-consent agreement, but this measure ought to be disposed of to-morrow. I am willing to let those who are opposed to it take up the time talking, if we can then get a vote. Is there anyone else who wants to talk to-morrow in addition to the Senator from Colorado?

Mr. KING. I may desire to submit some observations.

Mr. NORRIS. Could not the Senator from Utah do that to-day?

Mr. KING. I prefer to do it to-morrow. It will not take long. If I do take any time it will not be to exceed half an hour.

Mr. NORRIS. I dislike to adjourn at this hour if it is not certain that to-morrow we shall finish the joint resolution.

Mr. SMITH of South Carolina. From what I can learn, there are very few Senators who will make any speeches on the joint resolution, and the speeches will be very short. I do not see why we can not get through with it in a short time to-morrow.

Mr. KENYON. Mr. President, I want to say this about the unfinished business: I think those interested in it have had no objection to temporarily laying it aside for the consideration

of the joint resolution, but there are some amendments to the bill proposed by members of the committee, and I thought we could dispose of them to-day and have them agreed to and then have the bill reprinted, so that we can have it before us in the amended form on Monday.

Mr. SMOOT. That can be done the first thing to-morrow morning.

Mr. GRONNA. If the Senator from Utah will yield—

Mr. SMOOT. Certainly.

Mr. GRONNA. Let me suggest to the Senator from Iowa that we lay aside the joint resolution at this time and proceed with the unfinished business, so that the Senator may offer his amendments now, in order that the bill may be reprinted and be ready for use on Monday.

Mr. KENYON. Why not do that? It will only take 10 minutes.

Mr. NORRIS. Yes; let us do that to-day.

Mr. SMOOT. Very well.

Mr. KENYON. Will the Senator from North Dakota offer the amendments, or shall I do so?

Mr. GRONNA. I prefer that the Senator from Iowa shall offer them. I ask unanimous consent that the unfinished business may be laid before the Senate.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Dakota?

MEAT-PACKING INDUSTRY—FEDERAL LIVE STOCK COMMISSION.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 3944) to create a Federal live stock commission, to define its duties and powers, and to stimulate the production, sale, and distribution of live stock and live-stock products, and for other purposes.

Mr. KENYON. I offer the following series of amendments that have been practically agreed upon by most of the members of the committee. I shall then ask that the bill be reprinted, with those amendments printed in italics.

Mr. KING. May I ask the Senator from Iowa whether that will be done so that the bill in its amended form will be available to-morrow or Monday?

Mr. KENYON. I assume that the joint resolution will occupy to-morrow, but the reprint of the bill will be available to-morrow at any rate.

The PRESIDING OFFICER. The amendments offered by the Senator from Iowa will be stated in their order.

The ASSISTANT SECRETARY. On page 2, line 20, strike out the words "commonly known as stockyards" and insert the words "maintained and conducted at or in connection with a public market."

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 2, line 23, between the word "for" and the word "sale" insert the word "purchase," and strike out the words "feeding, watering, or," and at the end of line 23 insert the words "or slaughter in commerce."

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 3, line 2, between the words "such" and "business," insert the words "slaughtering or preparing."

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 3, line 5, after the word "commerce," strike out the words "or of" and insert "and any trader or commission man or other person"; at the end of line 5, page 3, add the words "wholly or partly"; and in lines 6 and 7 strike out the words "on a commission basis."

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 3, line 21, strike out the words "such rules and regulations as may be issued thereunder."

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 9, line 24, between the words "unfair" and "unjustly" insert the word "or," and between the words "discriminatory" and "or" insert the words "practice or device in commerce"; and in line 25, before the word "deceptive," insert the words "in any," and between the words "device" and "in" insert the words "to cheat or defraud."

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 10, line 14, after the word "commerce," strike out the words "in any line of food-stuffs."

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 10, strike out the paragraph lettered (f) and insert in lieu thereof the following:

(f) Otherwise act or conspire, combine, agree, or arrange with any other person to do or abet the doing of any act contrary to the provisions of this act, or refuse, neglect, or fail to act, or conspire, combine, agree, or arrange with any other person to refuse, neglect, or fail to act in accordance with the provisions of this act."

The ASSISTANT SECRETARY. Strike out section 14 as printed and insert in lieu thereof the following:

SEC. 14. No operator shall engage in any unfair or unjustly discriminatory practice or device in commerce or in any deceptive practice or device to cheat or defraud in commerce, or charge, collect, receive, or demand any unreasonable charge or rate for any service in commerce performed in connection with the business of such operator. The commission may, after hearing upon complaint or upon its own initiative, determine and fix, and by rule, regulation or order prescribe fair and reasonable practices, charges, and rates to be observed by operators, and fair and reasonable terms and conditions upon which the service of operators in commerce shall be rendered or performed.

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 11, strike out all of section 15, beginning with line 22, so the section as amended will read:

SEC. 15. It shall be the duty of every packer and operator to comply with the provisions of this act and approved regulations and orders which the commission may from time to time prescribe in conformity with this act.

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 12, line 14, between the word "required" and the word "for" insert the following:

The commission may in its discretion prescribe uniform systems of accounts and records, and require the installation and use thereof by packers or operators. If such uniform systems are prescribed and required by the commission, no packer or operator shall keep any account, record, or memoranda other than those prescribed or approved by the commission.

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 13, line 8, between the words "matter" and "any," insert the following:

No person shall be excused from attending and testifying or from producing documentary evidence before the commission, or in obedience to subpoena of the commission, on the ground or for the reason that the testimony or evidence, documentary or otherwise, required of him may tend to criminate him or subject him to a penalty or forfeiture, but no natural person shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he may testify or produce evidence, documentary or otherwise, before the commission in obedience to subpoena issued by it: *Provided*, That no natural person so testifying shall be exempt from prosecution and punishment for perjury committed in so testifying.

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 15 strike out from line 1 to the word "if" in line 9 and insert in lieu thereof the following:

or of any rule, regulation, or order issued hereunder, it shall afford to such packer or operator a reasonable opportunity to be heard in person or by counsel and through witnesses, under such regulations as the commission may prescribe, at a hearing before the commission, at a time and place designated in a written notice served upon such packer or operator.

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 15, line 11, between the words "or" and "any," insert the word "of."

The amendment was agreed to.

The ASSISTANT SECRETARY. On page 16, line 17, after the word "notice," strike out the word "of" and insert in lieu thereof the word "to."

The amendment was agreed to.

The PRESIDING OFFICER. The Senator from Iowa has requested unanimous consent that the bill be reprinted, showing in italics the amendments proposed by the committee which have been agreed to. Without objection, it is so ordered.

Mr. SMOOT. I move that the Senate adjourn.

The motion was agreed to; and (at 4 o'clock and 15 minutes p. m.) the Senate adjourned until to-morrow, Saturday, December 11, 1920, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

FRIDAY, December 10, 1920.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

We thank Thee, our Father in heaven, for the incomparable life and character of the Jesus of Nazareth, the holy one of Israel. Not a philosopher nor a theologian, He did not organize a church but He taught the most sublime principles that ever fell from the lips of mortal—the fatherhood of God and its corollary the brotherhood of man; I am the way and the truth and the life. No man cometh unto the Father but by me. We pray that His spirit may enter into the heart of man that righteousness, love, and good will may reign supreme in all the world; that men may learn war no more, but do unto others as they would be done by. In His spirit. Amen.

The Journal of the proceedings of yesterday was read and approved.

THE RULES.

The SPEAKER. In justice to the very efficient Journal clerk, whose accuracy and knowledge have been of great value to the Chair and to the House and whose serious illness we all deplore, the Chair thinks he ought to state that the error which it was thought last night had been discovered in the Journal proves on further investigation to have been imaginary, as the matter had been properly journalized in accordance with the RECORD. Therefore the correction of last night was entirely unnecessary.

RESIGNATIONS FROM COMMITTEES.

The SPEAKER laid before the House the following resignations from committees, which were accepted:

COMMITTEE ON RIVERS AND HARBORS,
HOUSE OF REPRESENTATIVES,
Washington, D. C., December 10, 1920.

Hon. FREDERICK H. GILLET,
Speaker of the House, Washington, D. C.

My DEAR MR. SPEAKER: I hereby tender my resignation as a member of the Committee on Rivers and Harbors.

Respectfully, yours,

S. WALLACE DEMPSEY.

HOUSE OF REPRESENTATIVES,
Washington, D. C., December 10, 1920.

Hon. FREDERICK H. GILLET,
Speaker House of Representatives, Washington, D. C.

DEAR MR. SPEAKER: I hereby tender my resignation as a member of the Committee on Foreign Affairs.

Respectfully, yours,

JOHN JACOB ROGERS,
By S. WALLACE DEMPSEY (by request of Mr. ROGERS).

HOUSE OF REPRESENTATIVES,
Washington, D. C., December 10, 1920.

Hon. FREDERICK H. GILLET,
Speaker House of Representatives, Washington, D. C.

DEAR MR. SPEAKER: I beg to tender my resignation as a member of the Joint Commission on Postal Service.

Sincerely, yours,

MARTIN B. MADDEN.

INCREASE OF FORCE AND SALARIES IN PATENT OFFICE.

Mr. NOLAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 11984, disagree to all the Senate amendments, and agree to the conference asked for by the Senate.

The SPEAKER. The gentleman from California asks unanimous consent to take the bill H. R. 11984 from the Speaker's table, disagree to all the Senate amendments, and agree to the conference asked for by the Senate. The Clerk will report the title of the bill.

The Clerk read as follows:

H. R. 11984. To increase the force and salaries in the Patent Office, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from California?

Mr. GARNER. Reserving the right to object, Mr. Speaker, who is the Democratic ranking member of the committee?

Mr. NOLAN. Mr. CAMPBELL of Pennsylvania, but Judge DAVIS of Tennessee would be the conferee.

Mr. BLANTON. Reserving the right to object, for the purpose of delaying even for a few days what might be final action on the bill, since this very materially increases the wages, in some instances as high as \$500, I must object. This is no time now in the course of readjustment of matters for increase of salaries.

The SPEAKER. The gentleman from Texas objects.

IMMIGRATION.

Mr. JOHNSON of Washington. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 14461) to provide for the protection of the citizens of the United States by the temporary suspension of immigration, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. TILSON in the chair.

Mr. JOHNSON of Washington. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, my parents came to this country as immigrants, and in the very nature of things I would be inclined to oppose any proposition looking toward the suspension of immigration to this country for the period of two years were it not for the fact that I realize the imperative necessity for some legislation along this line.

The present bill is merely a stop gap. It proposes to suspend immigration only for the period of two years. It is thought that in that time the Immigration Committees of both Houses